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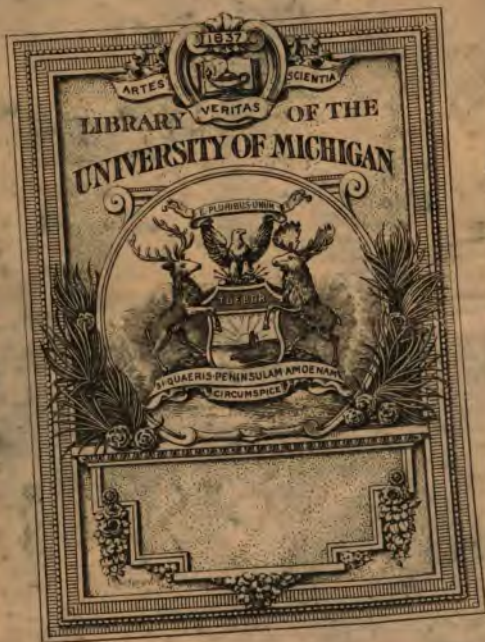
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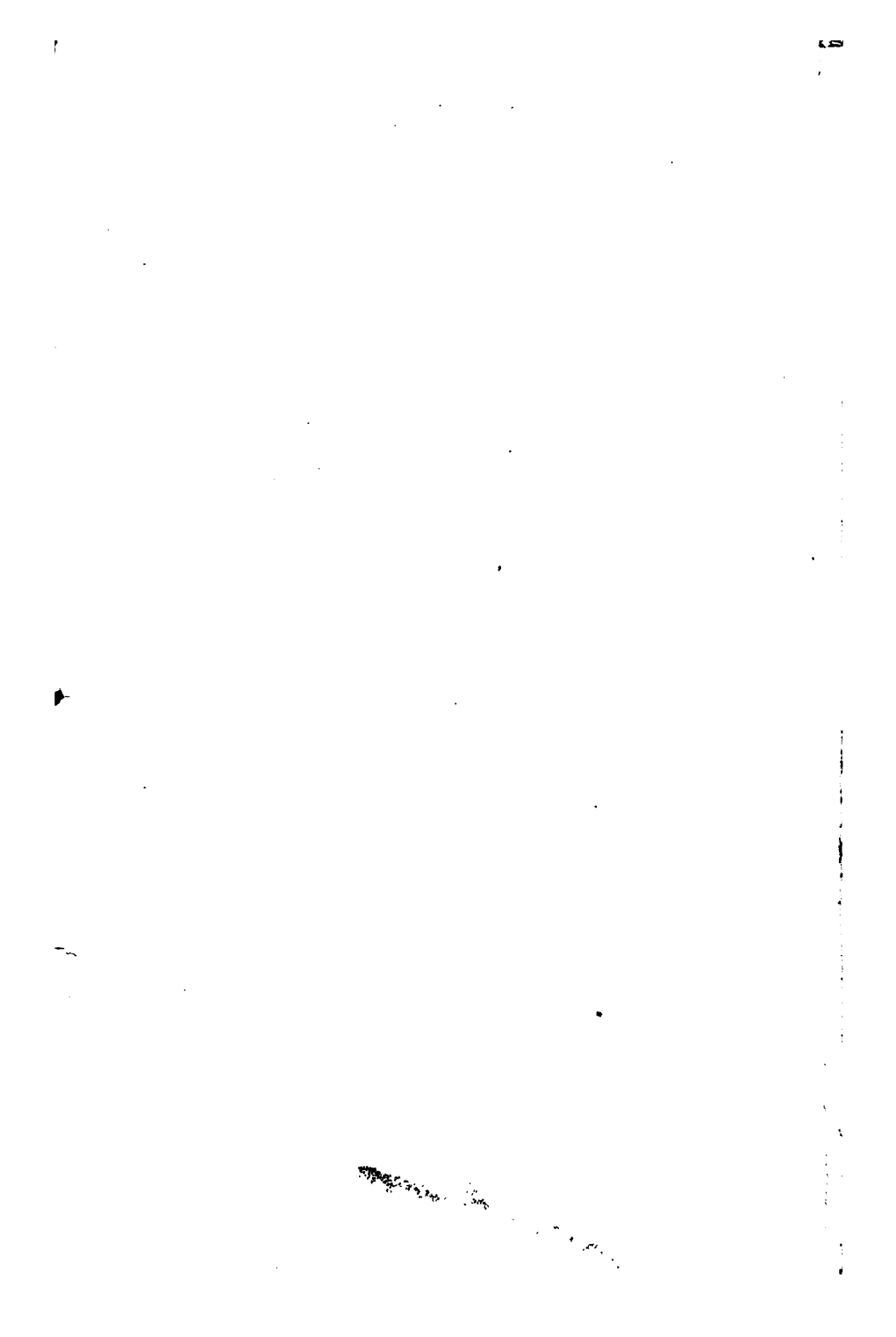


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# STATE PAPERS AND SPEECHES ON THE TARIFF

*WITH AN INTRODUCTION*

BY

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PUBLISHED BY

**Harvard University**

CAMBRIDGE, MASS.

1893

*The Riverside Press, Cambridge, Mass., U. S. A.*  
Electrotyped and Printed by H. O. Houghton & Company.

## INTRODUCTION.

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THE papers and speeches contained in this volume have been used for some years with advantage in a course on the Tariff History of the United States, conducted by the present writer in Harvard University. They serve to illustrate the mode in which the tariff problem has been approached from time to time by great statesmen, and afford a stimulating introduction to a discussion of the principles of international trade and of customs policy. No one of them can be said to be very scarce, or difficult of access to those having large libraries at command; but some are to be found only in the Congressional Documents, and others only in expensive editions of the writings of the respective authors. They are now reprinted in the hope that more easy access to them will be of service to teachers and students of economics, and will bring to the attention of thoughtful citizens serious and sober arguments removed from the heat of contemporary discussion.

The first paper on the list, Hamilton's "Report on Manufactures," is the most famous; though doubtless it has been referred to with praise or blame by many who never succeeded in reading it. Hamilton was requested to prepare the report by resolutions passed in

the House of Representatives in January, 1790; but he did not present it until nearly two years later, in December, 1791. During this period he was busy with the numberless questions of legislation and administration which confronted the newly organized federal government. Considering the conditions under which he thus wrote, and the stage which economic theory had reached in his time, the report is a great intellectual feat. The marshaling of the opposing arguments, the tireless examination of every aspect of the question, the careful investigation of the facts of industry and trade, the specific recommendations and conclusions at the close, all bear the stamp of Hamilton's peculiar and powerful intellect. There are repetitions, and some obvious inconsistencies in arrangement; some parts are obsolete, referring to arguments or industrial conditions which now belong to the past; but the report remains the strongest presentation of the case for protection which has been made by any American statesman.

Hamilton's report is printed in the various editions of his works, and in the "State Papers on Finance," as well as in the Congressional Documents; but nevertheless it can hardly be said to be easy of access to the ordinary reader.

The second paper, Gallatin's "Memorial of the Free Trade Convention," was prepared under very different circumstances. In 1831, when the early protective controversy was at its height, a convention of the friends of free trade was held in Philadelphia. The proceedings were not of any unusual character; but on adjourning, the convention appointed a committee, of

## INTRODUCTION.

v

which Gallatin was chairman, to draft a memorial to Congress. That memorial, written by Gallatin, is the document here reprinted. Its authorship, though not publicly stated, was well known, and led to Clay's bitter and discreditable attack on the aged statesman.<sup>1</sup> The memorial was printed at the time in the Congressional Documents, and is now most easily found in that form. A pamphlet edition was published in New York, and it was also printed in Niles's "Register" and in Raguet's "Banner of the Constitution." It is not in Mr. Adams's edition of Gallatin's writings, and on the whole is less accessible than Hamilton's report.

Although thus prepared as a private memorial, Gallatin's paper is written as if presented to Congress by its author while still Secretary of the Treasury. It has the dignity and the measured tone of his State papers. Beginning with a consideration of the revenue situation at the time, it proceeds to a discussion of the principles which underlie the protective controversy, and ends with a detailed examination of the tariff act then in force, the act of 1828. Gallatin's sober and sagacious mind marks both the reasoning on the questions of principle, and the presentation of the facts of the case as they then stood. In manner and matter, the memorial is a model of what a discussion of the tariff question should be.

The third document, Walker's "Treasury Report" of 1845, is again a formal state paper, being the report on the finances submitted by the Secretary of the Treasury to Congress, at its first meeting after the election of President Polk. It begins with the usual state-

<sup>1</sup> See Adams's *Life of Gallatin*, p. 641.

ments and estimates of the revenues and expenditures, and then passes abruptly to a discussion of the tariff question. It has secured a place in our tariff history as a presentation of the case against protection, comparable in some ways to the place of Hamilton's presentation of the case against free trade. No doubt, it is not equal in intellectual quality to Hamilton's Report; and it clearly falls below Gallatin's memorial in tone and in substance. But it marks a new stage in the discussion of the tariff question, and deserves study as one of the famous public papers brought out by that question. It should be read in the light of the tariff act of 1846, passed in the course of the session of Congress at which it was presented. That act was framed largely at Walker's suggestion, and its provisions give an indication of his meaning in some passages in the report which have an uncertain sound. The report is at present accessible only in the Congressional Documents.

Last come the speeches of Clay and Webster on the tariff act of 1824. These stand somewhat apart from the other papers, and it is not without hesitation that they have been selected from the mass of oratory on the tariff question. But the fame of the men, the soberness of their discussion, taking place as it did at a time when the tariff was not yet an issue between parties, and the intrinsic importance as well as the historical interest of the speeches, seem to warrant their being added to this collection. In them, as in the other parts of the volume, the reader will find passages which refer to conditions very different from those of the present, and arguments which are no longer heard in



the protective controversy. But these passages are none the less instructive for the historical study of the tariff question; and in any case it seemed best to present the texts in all cases in full, without attempt at abridgment or condensation. The speeches of Clay and Webster have been reprinted from their collected writings.

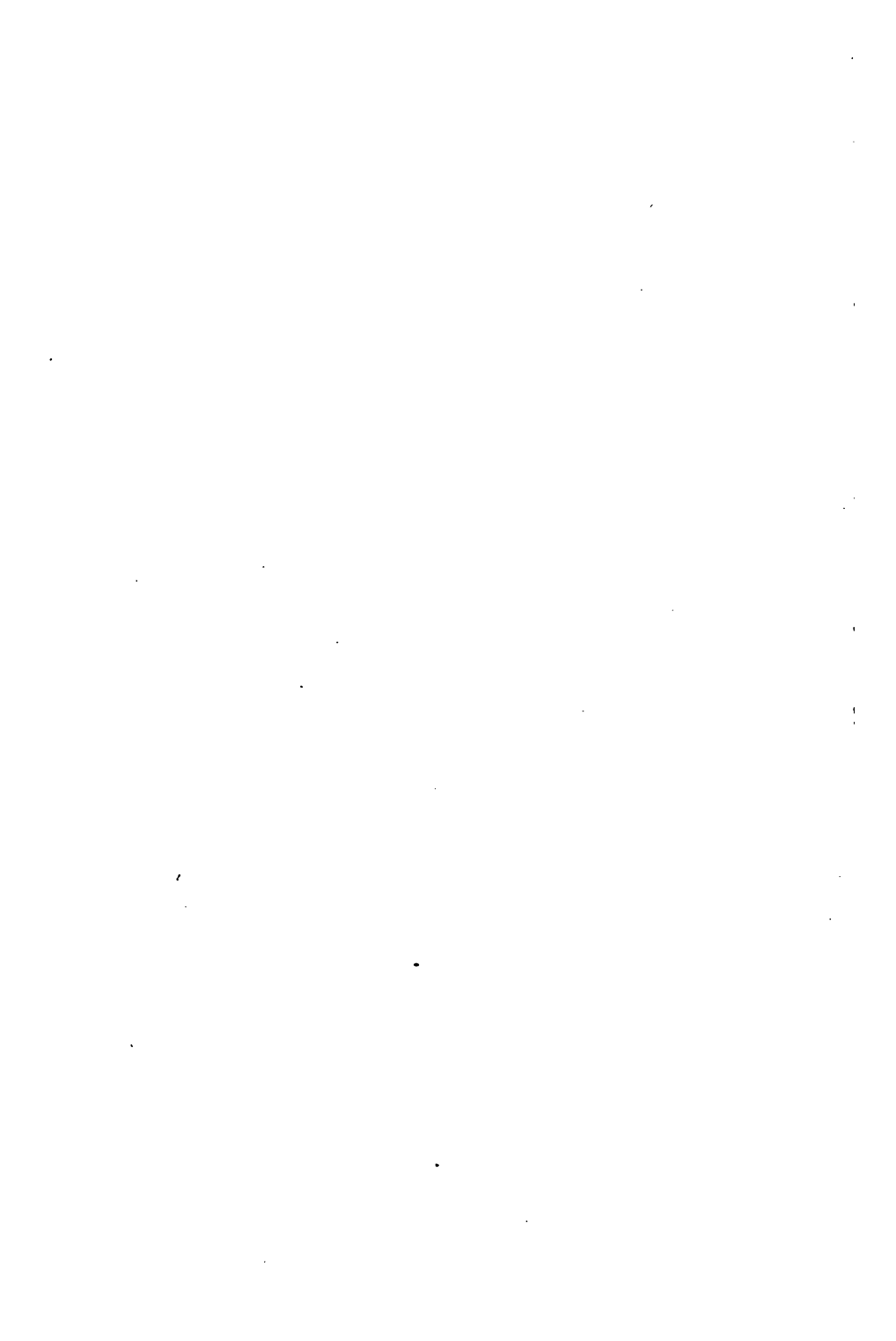
F. W. TAUSSIG.



## CONTENTS.

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	PAGE
INTRODUCTION . . . . .	iii
HAMILTON'S REPORT ON MANUFACTURES . . . . .	1
GALLATIN'S MEMORIAL OF THE FREE TRADE CONVENTION .	108
WALKER'S TREASURY REPORT OF 1845 . . . . .	214
CLAY'S SPEECH ON THE TARIFF OF 1824 . . . . .	252
WEBSTER'S SPEECH ON THE TARIFF OF 1824 . . . . .	317



## REPORT ON THE SUBJECT OF MANUFACTURES.

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THE Secretary of the Treasury, in obedience to the order of the House of Representatives of the 15th day of January, 1790, has applied his attention, at as early a period as his other duties would permit, to the subject of manufactures ; and particularly to the means of promoting such as will tend to render the United States independent on foreign nations for military and other essential supplies. And he thereupon respectfully submits the following Report :—

The expediency of encouraging manufactures in the United States, which was not long since deemed very questionable, appears at this time to be pretty generally admitted. The embarrassments which have obstructed the progress of our external trade have led to serious reflections on the necessity of enlarging the sphere of our domestic commerce ; the restrictive regulations, which in foreign markets abridge the vent of the increasing surplus of our agricultural produce, serve to beget an earnest desire that a more extensive demand for that surplus may be created at home ; and the complete success which has rewarded manufacturing enterprise, in some valuable branches, conspiring with the promising symptoms which attend some less mature essays in others, justify a hope that the obstacles to the growth of this species of industry are less formidable than they were apprehended to be ; and that it is not difficult to find, in its further extension, a full indemnification for

any external disadvantages which are or may be experienced, as well as an accession of resources favorable to national independence and safety.

There still are, nevertheless, respectable patrons of opinions unfriendly to the encouragement of manufactures. The following are, substantially, the arguments by which these opinions are defended:

“In every country (say those who entertain them), agriculture is the most beneficial and productive object of human industry. This position, generally, if not universally true, applies with peculiar emphasis to the United States, on account of their immense tracts of fertile territory, uninhabited and unimproved. Nothing can afford so advantageous an employment for capital and labor, as the conversion of this extensive wilderness into cultivated farms. Nothing equally with this can contribute to the population, strength, and real riches of the country.

“To endeavor, by the extraordinary patronage of government, to accelerate the growth of manufactures, is in fact to endeavor, by force and art, to transfer the natural current of industry from a more to a less beneficial channel. Whatever has such a tendency must necessarily be unwise. Indeed, it can hardly ever be wise in a government to attempt to give a direction to the industry of its citizens. This, under the quick-sighted guidance of private interest, will, if left to itself, infallibly find its own way to the most profitable employment; and it is by such employment that the public prosperity will be most effectually promoted. To leave industry to itself, therefore, is in almost every case the soundest as well as the simplest policy.

“This policy is not only recommended to the United States by considerations which affect all nations; it is, in a manner, dictated to them by the imperious force of a very peculiar situation. The smallness of their

population, compared with their territory; the constant allurements to emigration from the settled to the unsettled parts of the country; the facility with which the less independent condition of an artisan can be exchanged for the more independent condition of a farmer; these and similar causes conspire to produce, and for a length of time must continue to occasion, a scarcity of hands for manufacturing occupation, and dearness of labor generally. To these disadvantages for the prosecution of manufactures, a deficiency of pecuniary capital being added, the prospect of a successful competition with the manufacturers of Europe must be regarded as little less than desperate. Extensive manufactures can only be the offspring of a redundant, at least of a full population. Till the latter shall characterize the situation of this country, it is vain to hope for the former.

“If, contrary to the natural course of things, an unseasonable and premature spring can be given to certain fabrics by heavy duties, prohibitions, bounties, or by other forced expedients, this will only be to sacrifice the interests of the community to those of particular classes. Besides the misdirection of labor, a virtual monopoly will be given to the persons employed on such fabrics, and an enhancement of price, the inevitable consequence of every monopoly, must be defrayed at the expense of the other parts of the society. It is far preferable that those persons should be engaged in the cultivation of the earth, and that we should procure, in exchange for its productions, the commodities with which foreigners are able to supply us in greater perfection and upon better terms.”

This mode of reasoning is founded upon facts and principles which have certainly respectable pretensions. If it had governed the conduct of nations more generally than it has done, there is room to suppose that it might have carried them faster to prosperity and great-

ness than they have attained by the pursuit of maxims too widely opposite. Most general theories, however, admit of numerous exceptions, and there are few, if any, of the political kind, which do not blend a considerable portion of error with the truths they inculcate.

In order to an accurate judgment how far that which has been just stated ought to be deemed liable to a similar imputation, it is necessary to advert carefully to the considerations which plead in favor of manufactures, and which appear to recommend the special and positive encouragement of them in certain cases and under certain reasonable limitations.

It ought readily to be conceded that the cultivation of the earth as the primary and most certain source of national supply; as the immediate and chief source of subsistence to man; as the principal source of those materials which constitute the nutriment of other kinds of labor; as including a state most favorable to the freedom and independence of the human mind, — one, perhaps, most conducive to the multiplication of the human species, — has intrinsically a strong claim to pre-eminence over every other kind of industry.

But that it has a title to anything like an exclusive predilection in any country ought to be admitted with great caution. That it is even more productive than every other branch of industry requires more evidence than has yet been given in support of the position. That its real interests, precious and important as without the help of exaggeration they truly are, will be advanced rather than injured by the due encouragement of manufactures, may, it is believed, be satisfactorily demonstrated. And it is also believed that the expediency of such encouragement, in a general view, may be shown to be recommended by the most cogent and persuasive motives of national policy.

It has been maintained that agriculture is not only



the most productive, but the only productive species of industry. The reality of this suggestion in either respect has, however, not been verified by any accurate detail of facts and calculations, and the general arguments, which are adduced to prove it, are rather subtle and paradoxical than solid or convincing.

Those which maintain its exclusive productiveness are to this effect : —

Labor bestowed upon the cultivation of land produces enough not only to replace all the necessary expenses incurred in the business, and to maintain the persons who are employed in it, but to afford, together with the ordinary profit on the stock or capital of the farmer, a neat surplus, or rent, for the landlord or proprietor of the soil. But the labor of artificers does nothing more than replace the stock which employs them, — or which furnishes materials, tools, and wages, — and yield the ordinary profit upon that stock. It yields nothing equivalent to the rent of land. Neither does it add anything to the total value of the whole annual produce of the land and labor of the country. The additional value given to those parts of the produce of land which are wrought into manufactures is counterbalanced by the value of those other parts of that produce which are consumed by the manufacturers. It can therefore only be by saving, or parsimony, not by the positive productiveness of their labor, that the classes of artificers can in any degree augment the revenue of the society.

To this it has been answered, —

1. "That inasmuch as it is acknowledged that manufacturing labor reproduces a value equal to that which is expended or consumed in carrying it on, and continues in existence the original stock or capital employed, it ought on that account alone to escape being considered as wholly unproductive. That though it

should be admitted, as alleged, that the consumption of the produce of the soil by the classes of artificers or manufacturers is exactly equal to the value added by their labor to the materials upon which it is exerted, yet it would not thence follow that it added nothing to the revenue of the society or to the aggregate value of the annual produce of its land and labor. If the consumption, for any given period, amounted to a given sum, and the increased value of the produce manufactured in the same period to a like sum, the total amount of the consumption and production during that period would be equal to the two sums, and, consequently, double the value of the agricultural produce consumed. And though the increment of value produced by the classes of artificers should at no time exceed the value of the produce of the land consumed by them, yet there would be at every moment, in consequence of their labor, a greater value of goods in the market than would exist independent of it.

2. "That the position that artificers can augment the revenue of a society only by parsimony is true in no other sense than in one which is equally applicable to husbandmen or cultivators. It may be alike affirmed of all these classes, that the fund acquired by their labor, and destined for their support, is not, in an ordinary way, more than equal to it. And hence it will follow that augmentations of the wealth or capital of the community — except in the instances of some extraordinary dexterity or skill — can only proceed, with respect to any of them, from the savings of the more thrifty and parsimonious.

3. "That the annual produce of the land and labor of a country can only be increased in two ways, — by some improvement in the productive powers of the useful labor which actually exists within it, or by some increase in the quantity of such labor. That with re-

gard to the first, the labor of artificers being capable of greater subdivision and simplicity of operation than that of cultivators, it is susceptible, in a proportionately greater degree, of improvement in its productive powers, whether to be derived from an accession of skill or from the application of ingenious machinery; in which particular, therefore, the labor employed in the culture of land can pretend to no advantage over that engaged in manufactures. That with regard to an augmentation of the quantity of useful labor, this excluding adventitious circumstances must depend essentially upon an increase of capital, which again must depend upon the savings made out of the revenues of those who furnish or manage that which is at any time employed, whether in agriculture, or in manufactures, or in any other way."

But while the exclusive productiveness of agricultural labor has been thus denied and refuted, the superiority of its productiveness has been conceded without hesitation. As this concession involves a point of considerable magnitude in relation to maxims of public administration, the grounds on which it rests are worthy of a distinct and particular examination.

One of the arguments made use of in support of the idea may be pronounced both quaint and superficial. It amounts to this, that in the productions of the soil nature coöperates with man, and that the effect of their joint labor must be greater than that of the labor of man alone.

This, however, is far from being a necessary inference. It is very conceivable that the labor of man alone, laid out upon a work requiring great skill and art to bring it to perfection, may be more productive in value than the labor of nature and man combined when directed towards more simple operations and objects. And when it is recollected to what an extent the agency of nature, in the application of the mechanical powers,

is made auxiliary to the prosecution of manufactures, the suggestion which has been noticed loses even the appearance of plausibility.

It might also be observed, with a contrary view, that the labor employed in agriculture is in a great measure periodical and occasional, depending on seasons, and liable to various and long intermissions, while that occupied in many manufactures is constant and regular, extending through the year, embracing, in some instances, night as well as day. It is also probable that there are among the cultivators of land more examples of remissness than among artificers. The farmer, from the peculiar fertility of his land, or some other favorable circumstance, may frequently obtain a livelihood even with a considerable degree of carelessness in the mode of cultivation; but the artisan can with difficulty effect the same object without exerting himself pretty equally with all those who are engaged in the same pursuit. And if it may likewise be assumed as a fact that manufactures open a wider field to exertions of ingenuity than agriculture, it would not be a strained conjecture that the labor employed in the former, being at once more constant, more uniform, and more ingenious than that which is employed in the latter, will be found, at the same time, more productive.

But it is not meant to lay stress on observations of this nature; they ought only to serve as a counterbalance to those of a similar complexion. Circumstances so vague and general, as well as so abstract, can afford little instruction in a matter of this kind.

Another, and that which seems to be the principal argument offered for the superior productiveness of agricultural labor, turns upon the allegation that labor employed on manufactures yields nothing equivalent to the rent of land, or to that neat surplus, as it is called, which accrues to the proprietor of the soil.

But this distinction, important as it has been deemed, appears rather verbal than substantial.

It is easily discernible that what in the first instance is divided into two parts, under the denominations of the ordinary profit of the stock of the farmer and rent to the landlord, is in the second instance united under the general appellation of the ordinary profit on the stock of the undertaker; and that this formal or verbal distribution constitutes the whole difference in the two cases. It seems to have been overlooked that the land is itself a stock or capital, advanced or lent by its owner to the occupier or tenant, and that the rent he receives is only the ordinary profit of a certain stock in land, not managed by the proprietor himself, but by another to whom he lends or lets it, and who, on his part, advances a second capital to stock and improve the land, upon which he also receives the usual profit. The rent of the landlord and the profit of the farmer are, therefore, nothing more than the ordinary profits of two capitals belonging to two different persons, and united in the cultivation of a farm. As in the other case, the surplus which arises upon any manufactory, after replacing the expenses of carrying it on, answers to the ordinary profits of one or more capitals engaged in the prosecution of such manufactory. It is said, one or more capitals, because, in fact, the same thing which is contemplated in the case of a farm sometimes happens in that of a manufactory. There is one who furnishes a part of the capital, or lends a part of the money, by which it is carried on, and another who carries it on, with the addition of his own capital. Out of the surplus which remains, after defraying expenses, an interest is paid to the money lender for the portion of the capital furnished by him, which exactly agrees with the rent paid to the landlord; and the residue of that surplus constitutes the profit of the undertaker or

manufacturer, and agrees with what is denominated the ordinary profits on the stock of the farmer. Both together make the ordinary profits of two capitals employed in a manufactory: as in the other case the rent of the landlord and the revenue of the farmer compose the ordinary profits of two capitals employed in the cultivation of a farm.

The rent, therefore, accruing to the proprietor of the land, far from being a criterion of exclusive productiveness, as has been argued, is no criterion even of superior productiveness. The question must still be whether the surplus, after defraying expenses of a given capital employed in the purchase and improvement of a piece of land, is greater or less than that of a like capital employed in the prosecution of a manufactory, or whether the whole value produced from a given capital and a given quantity of labor employed in one way be greater or less than the whole value produced from an equal capital and an equal quantity of labor employed in the other way; or rather, perhaps, whether the business of agriculture or that of manufactures will yield the greatest product, according to a compound ratio of the quantity of the capital and the quantity of labor which are employed in the one or in the other.

The solution of either of these questions is not easy; it involves numerous and complicated details, depending on an accurate knowledge of the objects to be compared. It is not known that the comparison has ever yet been made upon sufficient data properly ascertained and analyzed. To be able to make it on the present occasion with satisfactory precision would demand more previous inquiry and investigation than there has been hitherto either leisure or opportunity to accomplish.

Some essays, however, have been made towards acquiring the requisite information, which have rather

served to throw doubt upon, than to confirm, the hypothesis under examination. But it ought to be acknowledged that they have been too little diversified, and are too imperfect to authorize a definitive conclusion either way, leading rather to probable conjecture than to certain deduction. They render it probable that there are various branches of manufactures in which a given capital will yield a greater total product, and a considerably greater neat product, than an equal capital invested in the purchase and improvement of lands; and that there are also some branches in which both the gross and the neat produce will exceed that of agricultural industry, according to a compound ratio of capital and labor. But it is on this last point that there appears to be the greatest room for doubt. It is far less difficult to infer generally that the neat produce of capital engaged in manufacturing enterprises is greater than that of capital engaged in agriculture.

The foregoing suggestions are not designed to inculcate an opinion that manufacturing industry is more productive than that of agriculture. They are intended rather to show that the reverse of this proposition is not ascertained; that the general arguments which are brought to establish it are not satisfactory; and, consequently, that a supposition of the superior productiveness of tillage ought to be no obstacle to listening to any substantial inducements to the encouragement of manufactures which may be otherwise perceived to exist, through an apprehension that they may have a tendency to divert labor from a more to a less profitable employment.

It is extremely probable that on a full and accurate development of the matter, on the ground of fact and calculation, it would be discovered that there is no material difference between the aggregate productiveness

of the one and of the other kind of industry ; and that the propriety of the encouragements, which may in any case be proposed to be given to either, ought to be determined upon considerations irrelative to any comparison of that nature.

II. But, without contending for the superior productiveness of manufacturing industry, it may conduce to a better judgment of the policy which ought to be pursued respecting its encouragement to contemplate the subject under some additional aspects, tending not only to confirm the idea that this kind of industry has been improperly represented as unproductive in itself, but to evince, in addition, that the establishment and diffusion of manufactures have the effect of rendering the total mass of useful and productive labor in a community greater than it would otherwise be. In prosecuting this discussion, it may be necessary briefly to resume and review some of the topics which have been already touched.

To affirm that the labor of the manufacturer is unproductive because he consumes as much of the produce of land as he adds value to the raw materials which he manufactures, is not better founded than it would be to affirm that the labor of the farmer, which furnishes materials to the manufacturer, is unproductive because he consumes an equal value of manufactured articles. Each furnishes a certain portion of the produce of his labor to the other, and each destroys a correspondent portion of the produce of the labor of the other. In the mean time, the maintenance of two citizens instead of one is going on, the state has two members instead of one, and they together consume twice the value of what is produced from the land.

If, instead of a farmer and artificer, there were a farmer only, he would be under the necessity of devoting a part of his labor to the fabrication of clothing



and other articles, which he would procure of the artificer, in the case of there being such a person, and of course he would be able to devote less labor to the cultivation of his farm, and would draw from it a proportionably less product. The whole quantity of production in this state of things, in provisions, raw materials, and manufactures, would certainly not exceed in value the amount of what would be produced in provisions and raw materials only, if there were an artificer as well as a farmer.

Again, if there were both an artificer and a farmer, the latter would be left at liberty to pursue exclusively the cultivation of his farm. A greater quantity of provisions and raw materials would of course be produced, equal at least, as has been already observed, to the whole amount of the provisions, raw materials, and manufactures, which would exist on a contrary supposition. The artificer, at the same time, would be going on in the production of manufactured commodities, to an amount sufficient not only to repay the farmer in those commodities for the provisions and materials which were procured from him, but to furnish the artificer himself with a supply of similar commodities for his own use. Thus, then, there would be two quantities or values in existence instead of one, and the revenue and consumption would be double in one case what it would be in the other.

If, in place of both these suppositions, there were supposed to be two farmers and no artificer, each of whom applied a part of his labor to the culture of land, and another part to the fabrication of manufactures, in this case the portion of the labor of both bestowed upon land would produce the same quantity of provisions and raw materials only as would be produced by the entire sum of the labor of one applied in the same manner; and the portion of the labor of both

bestowed upon manufactures would produce the same quantity of manufactures only as would be produced by the entire sum of the labor of one applied in the same manner. Hence the produce of the labor of the two farmers would not be greater than the produce of the labor of the farmer and artificer, and hence it results that the labor of the artificer is as positively productive as that of the farmer, and as positively augments the revenue of the society.

The labor of the artificer replaces to the farmer that portion of his labor with which he provides the materials of exchange with the artificer, and which he would otherwise have been compelled to apply to manufactures; and while the artificer thus enables the farmer to enlarge his stock of agricultural industry, a portion of which he purchases for his own use, he also supplies himself with the manufactured articles of which he stands in need. He does still more: besides this equivalent which he gives for the portion of agricultural labor consumed by him, and this supply of manufactured commodities for his own consumption, he furnishes still a surplus which compensates for the use of the capital advanced, either by himself or some other person, for carrying on the business. This is the ordinary profit of the stock employed in the manufactory, and is in every sense as effective an addition to the income of the society as the rent of land.

The produce of the labor of the artificer, consequently, may be regarded as composed of three parts, — one by which the provisions for his subsistence and the materials for his work are purchased of the farmer, one by which he supplies himself with manufactured necessities, and a third which constitutes the profit on the stock employed. The two last portions seem to have been overlooked in the system which represents manufacturing industry as barren and unproductive.

In the course of the preceding illustrations, the products of equal quantities of the labor of the farmer and artificer have been treated as if equal to each other. But this is not to be understood as intending to assert any such precise equality. It is merely a manner of expression adopted for the sake of simplicity and perspicuity. Whether the value of the produce of the labor of the farmer be somewhat more or less than that of the artificer is not material to the main scope of the argument, which hitherto has only aimed at showing that the one as well as the other occasions a positive augmentation of the total produce and revenue of the society.

It is now proper to proceed a step further, and to enumerate the principal circumstances from which it may be inferred that manufacturing establishments not only occasion a positive augmentation of the produce and revenue of the society, but that they contribute essentially to rendering them greater than they could possibly be without such establishments. These circumstances are:—

1. The division of labor.
2. An extension of the use of machinery.
3. Additional employment to classes of the community not ordinarily engaged in the business.
4. The promoting of emigration from foreign countries.
5. The furnishing greater scope for the diversity of talents and dispositions which discriminate men from each other.
6. The affording a more ample and various field for enterprise.
7. The creating in some instances a new, and securing in all a more certain and steady demand for the surplus produce of the soil.

Each of these circumstances has a considerable influ-

ence upon the total mass of industrious effort in a community ; together they add to it a degree of energy and effect which are not easily conceived. Some comments upon each of them, in the order in which they have been stated, may serve to explain their importance.

1. *As to the division of labor.*

It has justly been observed, that there is scarcely anything of greater moment in the economy of a nation than the proper division of labor. The separation of occupations causes each to be carried to a much greater perfection than it could possibly acquire if they were blended. This arises principally from three circumstances.

1st. The greater skill and dexterity naturally resulting from a constant and undivided application to a single object. It is evident that these properties must increase in proportion to the separation and simplification of objects, and the steadiness of the attention devoted to each, and must be less in proportion to the complication of objects and the number among which the attention is distracted.

2d. The economy of time, by avoiding the loss of it, incident to a frequent transition from one operation to another of a different nature. This depends on various circumstances, — the transition itself, the orderly disposition of the implements, machines, and materials employed in the operation to be relinquished, the preparatory steps to the commencement of a new one, the interruption of the impulse which the mind of the workman acquires from being engaged in a particular operation, the distractions, hesitations, and reluctances which attend the passage from one kind of business to another.

3d. An extension of the use of machinery. A man occupied on a single object will have it more in his power, and will be more naturally led to exert his

imagination in devising methods to facilitate and abridge labor than if he were perplexed by a variety of independent and dissimilar operations. Besides this, the fabrication of machines in numerous instances becoming itself a distinct trade, the artist who follows it has all the advantages which have been enumerated for improvement in his particular art, and, in both ways, the invention and application of machinery are extended.

And from these causes united, the mere separation of the occupation of the cultivator from that of the artificer has the effect of augmenting the productive powers of labor, and with them the total mass of the produce or revenue of a country. In this single view of the subject, therefore, the utility of artificers or manufacturers towards promoting an increase of productive industry is apparent.

2. *As to an extension of the use of machinery, a point which, though partly anticipated, requires to be placed in one or two additional lights.*

The employment of machinery forms an item of great importance in the general mass of national industry. It is an artificial force brought in aid of the natural force of man, and, to all the purposes of labor, is an increase of hands, an accession of strength, unincumbered, too, by the expense of maintaining the laborer. May it not, therefore, be fairly inferred that those occupations which give greatest scope to the use of this auxiliary contribute most to the general stock of industrious effort, and, in consequence, to the general product of industry?

It shall be taken for granted, and the truth of the position referred to observation, that manufacturing pursuits are susceptible in a greater degree of the application of machinery than those of agriculture. If so, all the difference is lost to a community, which, instead

of manufacturing for itself, procures the fabrics requisite to its supply from other countries. The substitution of foreign for domestic manufactures is a transfer to foreign nations of the advantages accruing from the employment of machinery in the modes in which it is capable of being employed with most utility and to the greatest extent.

The cotton mill, invented in England within the last twenty years, is a signal illustration of the general proposition which has been just advanced. In consequence of it all the different processes for spinning cotton are performed by means of machines which are put in motion by water, and attended chiefly by women and children, and by a smaller number of persons, in the whole, than are requisite in the ordinary mode of spinning. And it is an advantage of great moment that the operations of this mill continue with convenience during the night as well as through the day. The prodigious effect of such a machine is easily conceived. To this invention is to be attributed essentially the immense progress which has been so suddenly made in Great Britain in the various fabrics of cotton.

3. *As to the additional employment of classes of the community not originally engaged in the particular business.*

This is not among the least valuable of the means by which manufacturing institutions contribute to augment the general stock of industry and production. In places where those institutions prevail, besides the persons regularly engaged in them, they afford occasional and extra employment to industrious individuals and families who are willing to devote the leisure resulting from the intermissions of their ordinary pursuits to collateral labors, as a resource for multiplying their acquisitions or their enjoyments. The husbandman himself experiences a new source of profit and support from the

increased industry of his wife and daughters, invited and stimulated by the demands of the neighboring manufactories.

Beside this advantage of occasional employment to classes having different occupations, there is another of a nature allied to it, and of a similar tendency. This is the employment of persons who would otherwise be idle (and in many cases a burden on the community), either from the bias of temper, habit, infirmity of body, or some other cause, indisposing or disqualifying them for the toils of the country. It is worthy of particular remark that, in general, women and children are rendered more useful, and the latter more early useful, by manufacturing establishments than they would otherwise be. Of the number of persons employed in the cotton manufactories of Great Britain, it is computed that four sevenths nearly are women and children, — of whom the greatest proportion are children, and many of them of a tender age.

And thus it appears to be one of the attributes of manufactures, and one of no small consequence, to give occasion to the exertion of a greater quantity of industry, even by the same number of persons, where they happen to prevail, than would exist if there were no such establishments.

*4. As to the promoting of emigration from foreign countries.*

Men reluctantly quit one course of occupation and livelihood for another, unless invited to it by very apparent and proximate advantages. Many who would go from one country to another, if they had a prospect of continuing with more benefit the callings to which they have been educated, will often not be tempted to change their situation by the hope of doing better in some other way. Manufacturers who, listening to the powerful invitations of a better price for their fabrics

or their labor ; of greater cheapness of provisions and raw materials ; of an exemption from the chief part of the taxes, burdens, and restraints which they endure in the old world ; of greater personal independence and consequence under the operation of a more equal government ; and of what is far more precious than mere religious toleration, a perfect equality of religious privileges, would probably flock from Europe to the United States to pursue their own trades or professions, if they were once made sensible of the advantages they would enjoy, and were inspired with an assurance of encouragement and employment, will with difficulty be induced to transplant themselves with a view to becoming cultivators of land.

. If it be true, then, that it is the interest of the United States to open every possible avenue to emigration from abroad, it affords a weighty argument for the encouragement of manufactures, which, for the reasons just assigned, will have the strongest tendency to multiply the inducements to it.

Here is perceived an important resource, not only for extending the population, and with it the useful and productive labor of the country, but likewise for the prosecution of manufactures without deducting from the number of hands which might otherwise be drawn to tillage, and even for the indemnification of agriculture for such as might happen to be diverted from it. Many, whom manufacturing views would induce to emigrate, would afterwards yield to the temptations which the particular situation of this country holds out to agricultural pursuits. And while agriculture would in other respects derive many signal and unmingled advantages from the growth of manufactures, it is a problem whether it would gain or lose as to the article of the number of persons employed in carrying it on.

5. *As to the furnishing greater scope for the diversity*



*of talents and dispositions which discriminate men from each other.*

This is a much more powerful mean of augmenting the fund of national industry than may at first sight appear. It is a just observation that minds of the strongest and most active powers for their proper objects fall below mediocrity, and labor without effect if confined to uncongenial pursuits. And it is thence to be inferred that the results of human exertion may be immensely increased by diversifying its objects. When all the different kinds of industry obtain in a community, each individual can find his proper element, and can call into activity the whole vigor of his nature. And the community is benefited by the services of its respective members in the manner in which each can serve it with most effect.

If there be anything in a remark often to be met with, namely, that there is in the genius of the people of this country a peculiar aptitude for mechanic improvements, it would operate as a forcible reason for giving opportunities to the exercise of that species of talent by the propagation of manufactures.

6. *As to the affording a more ample and various field for enterprise.*

This also is of greater consequence in the general scale of national exertion than might perhaps, on a superficial view, be supposed, and has effects not altogether dissimilar from those of the circumstance last noticed. To cherish and stimulate the activity of the human mind by multiplying the objects of enterprise is not among the least considerable of the expedients by which the wealth of a nation may be promoted. Even things in themselves not positively advantageous sometimes become so by their tendency to provoke exertion. Every new scene which is opened to the busy nature of man to rouse and exert itself is the addition of a new energy to the general stock of effort.

The spirit of enterprise, useful and prolific as it is, must necessarily be contracted or expanded in proportion to the simplicity or variety of the occupations and productions which are to be found in a society. It must be less in a nation of mere cultivators than in a nation of cultivators and merchants, less in a nation of cultivators and merchants than in a nation of cultivators, artificers, and merchants.

*7. As to the creating, in some instances, a new, and securing in all a more certain and steady demand, for the surplus produce of the soil.*

This is among the most important of the circumstances which have been indicated. It is a principal mean by which the establishment of manufactures contributes to an augmentation of the produce or revenue of a country, and has an immediate and direct relation to the prosperity of agriculture.

It is evident that the exertions of the husbandman will be steady or fluctuating, vigorous or feeble, in proportion to the steadiness or fluctuation, adequateness or inadequateness, of the markets on which he must depend for the vent of the surplus which may be produced by his labor; and that such surplus, in the ordinary course of things, will be greater or less in the same proportion.

For the purpose of this vent, a domestic market is greatly to be preferred to a foreign one, because it is, in the nature of things, far more to be relied upon.

It is a primary object of the policy of nations to be able to supply themselves with subsistence from their own soils; and manufacturing nations, as far as circumstances permit, endeavor to procure from the same source the raw materials necessary for their own fabrics. This disposition, urged by the spirit of monopoly, is sometimes even carried to an injudicious extreme. It seems not always to be recollected that nations who

have neither mines nor manufactures can only obtain the manufactured articles of which they stand in need by an exchange of the products of their soils; and that if those who can best furnish them with such articles are unwilling to give a due course to this exchange, they must of necessity make every possible effort to manufacture for themselves; the effect of which is, that the manufacturing nations abridge the natural advantages of their situation through an unwillingness to permit the agricultural countries to enjoy the advantages of theirs, and sacrifice the interests of a mutually beneficial intercourse to the vain project of selling everything and buying nothing.

But it is also a consequence of the policy which has been noted, that the foreign demand for the products of agricultural countries is in a great degree rather casual and occasional than certain or constant. To what extent injurious interruptions of the demand for some of the staple commodities of the United States may have been experienced from that cause must be referred to the judgment of those who are engaged in carrying on the commerce of the country; but it may be safely affirmed that such interruptions are at times very inconveniently felt, and that cases not unfrequently occur in which markets are so confined and restricted as to render the demand very unequal to the supply.

Independently, likewise, of the artificial impediments which are created by the policy in question, there are natural causes tending to render the external demand for the surplus of agricultural nations a precarious reliance. The differences of seasons in the countries which are the consumers make immense differences in the produce of their own soils in different years, and, consequently, in the degrees of their necessity for foreign supply. Plentiful harvests with them, especially if similar ones occur at the same time in the countries

which are the furnishers, occasion of course a glut in the markets of the latter.

Considering how fast and how much the progress of new settlements in the United States must increase the surplus produce of the soil, and weighing seriously the tendency of the system which prevails among most of the commercial nations of Europe, whatever dependence may be placed on the force of natural circumstances to counteract the effects of an artificial policy, there appear strong reasons to regard the foreign demand for that surplus as too uncertain a reliance, and to desire a substitute for it in an extensive domestic market.

To secure such a market there is no other expedient than to promote manufacturing establishments. Manufacturers, who constitute the most numerous class after the cultivators of land, are for that reason the principal consumers of the surplus of their labor.

This idea of an extensive domestic market for the surplus produce of the soil is of the first consequence. It is, of all things, that which most effectually conduces to a flourishing state of agriculture. If the effect of manufactories should be to detach a portion of the hands, which would otherwise be engaged in tillage, it might possibly cause a smaller quantity of lands to be under cultivation; but by their tendency to procure a more certain demand for the surplus produce of the soil, they would at the same time cause the lands which were in cultivation to be better improved and more productive. And while, by their influence, the condition of each individual farmer would be ameliorated, the total mass of agricultural production would probably be increased. For this must evidently depend as much upon the degree of improvement, if not more, than upon the number of acres under culture.

It merits particular observation that the multiplication of manufactories not only furnishes a market for

those articles which have been accustomed to be produced in abundance in a country, but it likewise creates a demand for such as were either unknown or produced in inconsiderable quantities. The bowels as well as the surface of the earth are ransacked for articles which were before neglected. Animals, plants, and minerals acquire an utility and value which were before unexplored.

The foregoing considerations seem sufficient to establish, as general propositions, that it is the interest of nations to diversify the industrious pursuits of the individuals who compose them; that the establishment of manufactures is calculated not only to increase the general stock of useful and productive labor, but even to improve the state of agriculture in particular; certainly to advance the interests of those who are engaged in it. There are other views that will be hereafter taken of the subject which, it is conceived, will serve to confirm these inferences.

III. Previously to a further discussion of the objections to the encouragement of manufactures, which have been stated, it will be of use to see what can be said in reference to the particular situation of the United States against the conclusions appearing to result from what has been already offered.

It may be observed, and the idea is of no inconsiderable weight, that however true it might be that a state which, possessing large tracts of vacant and fertile territory, was at the same time secluded from foreign commerce, would find its interest and the interest of agriculture in diverting a part of its population from tillage to manufactures; yet it will not follow that the same is true of a state which, having such vacant and fertile territory, has at the same time ample opportunity of procuring from abroad, on good terms, all the fabrics of which it stands in need for the supply of its inhab-

itants. The power of doing this, at least, secures the great advantage of a division of labor, leaving the farmer free to pursue exclusively the culture of his land, and enabling him to procure with its products the manufactured supplies requisite either to his wants or to his enjoyments. And though it should be true that in settled countries the diversification of industry is conducive to an increase in the productive powers of labor, and to an augmentation of revenue and capital, yet it is scarcely conceivable that there can be anything of so solid and permanent advantage to an uncultivated and unpeopled country as to convert its wastes into cultivated and inhabited districts. If the revenue, in the mean time, should be less, the capital in the event must be greater.

To these observations the following appears to be a satisfactory answer :—

1. If the system of perfect liberty to industry and commerce were the prevailing system of nations, the arguments which dissuade a country in the predicament of the United States from the zealous pursuit of manufactures would, doubtless, have great force. It will not be affirmed that they might not be permitted, with few exceptions, to serve as a rule of national conduct. In such a state of things each country would have the full benefit of its peculiar advantages to compensate for its deficiencies or disadvantages. If one nation were in a condition to supply manufactured articles on better terms than another, that other might find an abundant indemnification in a superior capacity to furnish the produce of the soil. And a free exchange, mutually beneficial, of the commodities which each was able to supply on the best terms might be carried on between them, supporting in full vigor the industry of each. And though the circumstances which have been mentioned, and others which will be unfolded here-

after, render it probable that nations merely agricultural would not enjoy the same degree of opulence, in proportion to their numbers, as those which united manufactures with agriculture; yet the progressive improvement of the lands of the former might, in the end, atone for an inferior degree of opulence in the mean time, and, in a case in which opposite considerations are pretty equally balanced, the option ought perhaps always to be in favor of leaving industry to its own direction.

But the system which has been mentioned is far from characterizing the general policy of nations. The prevalent one has been regulated by an opposite spirit. The consequence of it is that the United States are, to a certain extent, in the situation of a country precluded from foreign commerce. They can indeed, without difficulty, obtain from abroad the manufactured supplies of which they are in want, but they experience numerous and very injurious impediments to the emission and vent of their own commodities. Nor is this the case in reference to a single foreign nation only. The regulations of several countries, with which we have the most extensive intercourse, throw serious obstructions in the way of the principal staples of the United States.

In such a position of things the United States cannot exchange with Europe on equal terms, and the want of reciprocity would render them the victim of a system which should induce them to confine their views to agriculture, and refrain from manufactures. A constant and increasing necessity, on their part, for the commodities of Europe, and only a partial and occasional demand for their own in return, could not but expose them to a state of impoverishment compared with the opulence to which their political and natural advantages authorize them to aspire.

Remarks of this kind are not made in the spirit of complaint. It is for the nations, whose regulations are alluded to, to judge for themselves, whether, by aiming at too much, they do not lose more than they gain. It is for the United States to consider by what means they can render themselves least dependent on the combinations, right or wrong, of foreign policy.

It is no small consolation that already the measures which have embarrassed our trade have accelerated internal improvements, which, upon the whole, have bettered our affairs. To diversify and extend these improvements is the surest and safest method of indemnifying ourselves for any inconveniences which those or similar measures have a tendency to beget. If Europe will not take from us the products of our soil upon terms consistent with our interest, the natural remedy is to contract, as fast as possible, our wants of her.

2. The conversion of their waste into cultivated lands is certainly a point of great moment in the political calculations of the United States. But the degree in which this may possibly be retarded by the encouragement of manufactories does not appear to countervail the powerful inducements to affording that encouragement.

An observation made in another place is of a nature to have great influence upon this question. If it cannot be denied that the interests even of agriculture may be advanced more by having such of the lands of a State as are occupied under good cultivation than by having a greater quantity occupied under a much inferior cultivation, and if manufactories, for the reasons assigned, must be admitted to have a tendency to promote a more steady and vigorous cultivation of the lands occupied than would happen without them, it will follow that they are capable of indemnifying a country for a diminution of the progress of new settlements,



and may serve to increase both the capital value and the income of its lands, even though they should abridge the number of acres under tillage.

But it does by no means follow that the progress of new settlements would be retarded by the extension of manufactures. The desire of being an independent proprietor of land is founded on such strong principles in the human breast, that where the opportunity of becoming so is as great as it is in the United States, the proportion will be small of those whose situations would otherwise lead to it who would be diverted from it towards manufactures. And it is highly probable, as already intimated, that the accessions of foreigners who, originally drawn over by manufacturing views, would afterwards abandon them for agricultural, would be more than an equivalent for those of our own citizens who might happen to be detached from them.

The remaining objections to a particular encouragement of manufactures in the United States now require to be examined.

One of these turns on the proposition that industry, if left to itself, will naturally find its way to the most useful and profitable employment. Whence it is inferred that manufactures, without the aid of government, will grow up as soon and as fast as the natural state of things and the interest of the community may require.

Against the solidity of this hypothesis, in the full latitude of the terms, very cogent reasons may be offered. These have relation to the strong influence of habit, and the spirit of imitation, the fear of want of success in untried enterprises, the intrinsic difficulties incident to first essays towards a competition with those who have previously attained to perfection in the business to be attempted; the bounties, premiums, and other artificial encouragements with which foreign na-

tions second the exertions of their own citizens in the branches in which they are to be rivaled.

Experience teaches that men are often so much governed by what they are accustomed to see and practice, that the simplest and most obvious improvements in the most ordinary occupations are adopted with hesitation, reluctance, and by slow gradations. The spontaneous transition to new pursuits in a community long habituated to different ones may be expected to be attended with proportionably greater difficulty. When former occupations ceased to yield a profit adequate to the subsistence of their followers, or when there was an absolute deficiency of employment in them, owing to the superabundance of hands, changes would ensue; but these changes would be likely to be more tardy than might consist with the interest either of individuals or of the society. In many cases they would not happen, while a bare support could be insured by an adherence to ancient courses, though a resort to a more profitable employment might be practicable. To produce the desirable changes as early as may be expedient may, therefore, require the incitement and patronage of government.

The apprehension of failing in new attempts is, perhaps, a more serious impediment. There are dispositions apt to be attracted by the mere novelty of an undertaking, but these are not always those best calculated to give it success. To this it is of importance that the confidence of cautious, sagacious capitalists, both citizens and foreigners, should be excited. And to inspire this description of persons with confidence, it is essential that they should be made to see in any project which is new, and for that reason alone, if for no other, precarious, the prospect of such a degree of countenance and support from government as may be capable of overcoming the obstacles inseparable from first experiments.

The superiority antecedently enjoyed by nations who have preoccupied and perfected a branch of industry constitutes a more formidable obstacle than either of those which have been mentioned to the introduction of the same branch into a country in which it did not before exist. To maintain between the recent establishments of one country and the long matured establishments of another country a competition upon equal terms, both as to quality and price, is in most cases impracticable. The disparity in the one, or in the other, or in both, must necessarily be so considerable as to forbid a successful rivalry without the extraordinary aid and protection of government.

But the greatest obstacle of all to the successful prosecution of a new branch of industry, in a country in which it was before unknown, consists, as far as the instances apply, in the bounties, premiums, and other aids which are granted in a variety of cases by the nations in which the establishments to be imitated are previously introduced. It is well known — and particular examples in the course of this report will be cited — that certain nations grant bounties on the exportation of particular commodities to enable their own workmen to undersell and supplant all competitors in the countries to which those commodities are sent. Hence the undertakers of a new manufacture have to contend not only with the natural disadvantages of a new undertaking, but with the gratuities and remunerations which other governments bestow. To be enabled to contend with success, it is evident that the interference and aid of their own governments are indispensable.

Combinations by those engaged in a particular branch of business in one country to frustrate the first efforts to introduce it into another by temporary sacrifices, recompensed, perhaps, by extraordinary indemnifica-

tions of the government of such country, are believed to have existed, and are not to be regarded as destitute of probability. The existence or assurance of aid from the government of the country, in which the business is to be introduced, may be essential to fortify adventurers against the dread of such combinations, — to defeat their effects, if formed, and to prevent their being formed by demonstrating that they must, in the end, prove fruitless.

Whatever room there may be for an expectation that the industry of a people, under the direction of private interest, will upon equal terms find out the most beneficial employment for itself, there is none for a reliance that it will struggle against the force of unequal terms, or will of itself surmount all the adventitious barriers to a successful competition, which may have been erected either by the advantages naturally acquired by practice and previous possession of the ground, or by those which may have sprung from positive regulations and an artificial policy. This general reflection might alone suffice as an answer to the objection under examination, exclusively of the weighty considerations which have been particularly urged.

The objections to the pursuit of manufactures in the United States, which next present themselves to discussion, represent an impracticability of success arising from three causes : scarcity of hands, dearness of labor, want of capital.

The two first circumstances are to a certain extent real, and within due limits ought to be admitted as obstacles to the success of manufacturing enterprise in the United States. But there are various considerations which lessen their force, and tend to afford an assurance that they are not sufficient to prevent the advantageous prosecution of many very useful and extensive manufactories.

With regard to scarcity of hands, the fact itself must be applied with no small qualification to certain parts of the United States. There are large districts which may be considered as pretty fully peopled, and which, notwithstanding a continual drain for distant settlement, are thickly interspersed with flourishing and increasing towns. If these districts have not already reached the point at which the complaint of scarcity of hands ceases, they are not remote from it, and are approaching fast towards it. And having perhaps fewer attractions to agriculture than some other parts of the Union, they exhibit a proportionably stronger tendency towards other kinds of industry. In these districts may be discerned no inconsiderable maturity for manufacturing establishments.

But there are circumstances which have been already noticed with another view, that materially diminish everywhere the effect of a scarcity of hands. These circumstances are : the great use which can be made of women and children, on which point a very pregnant and instructive fact has been mentioned ; the vast extension given by late improvements to the employment of machines, which, substituting the agency of fire and water, has prodigiously lessened the necessity for manual labor ; the employment of persons ordinarily engaged in other occupations during the seasons or hours of leisure, which, besides giving occasion to the exertion of a greater quantity of labor by the same number of persons, and thereby increasing the general stock of labor, as has elsewhere been remarked, may also be taken into the calculation as a resource for obviating the scarcity of hands ; lastly, the attraction of foreign emigrants. Whoever inspects with a careful eye the composition of our towns, will be made sensible to what an extent this resource may be relied upon. This exhibits a large proportion of ingenious and valuable work-

men in different arts and trades, who, by expatriating from Europe, have improved their own condition and added to the industry and wealth of the United States. It is a natural inference from the experience we have already had, that as soon as the United States shall present the countenance of a serious prosecution of manufactures, as soon as foreign artists shall be made sensible that the state of things here affords a moral certainty of employment and encouragement, competent numbers of European workmen will transplant themselves effectually to insure the success of the design. How indeed can it otherwise happen, considering the various and powerful inducements which the situation of this country offers; addressing themselves to so many strong passions and feelings, to so many general and particular interests?

It may be affirmed, therefore, in respect to hands for carrying on manufactures, that we shall in a great measure trade upon a foreign stock, reserving our own for the cultivation of our lands and the manning of our ships, as far as character and circumstances shall incline. It is not unworthy of remark, that the objection to the success of manufactures deduced from the scarcity of hands, is alike applicable to trade and navigation, and yet these are perceived to flourish, without any sensible impediment from that cause.

As to the dearth of labor (another of the obstacles alleged), this has relation principally to two circumstances: one, that which has been just discussed, or the scarcity of hands; the other, the greatness of profits.

As far as it is a consequence of the scarcity of hands, it is mitigated by all the considerations which have been adduced as lessening that deficiency. It is certain, too, that the disparity in this respect between some of the most manufacturing parts of Europe and a large proportion of the United States is not nearly so great

as is commonly imagined. It is also much less in regard to artificers and manufacturers than in regard to country laborers; and while a careful comparison shows that there is in this particular much exaggeration, it is also evident that the effect of the degree of disparity which does truly exist is diminished in proportion to the use which can be made of machinery.

To illustrate this last idea: let it be supposed that the difference of price in two countries of a given quantity of manual labor requisite to the fabrication of a given article is as ten, and that some MECHANIC power is introduced into both countries which, performing half the necessary labor, leaves only half to be done by hand, it is evident that the difference in the cost of the fabrication of the article in question in the two countries, as far as it is connected with the price of labor, will be reduced from ten to five in consequence of the introduction of that POWER.

This circumstance is worthy of the most particular attention. It diminishes immensely one of the objections most strenuously urged against the success of manufactures in the United States.

To procure all such machines as are known in any part of Europe can only require a proper provision and due pains. The knowledge of several of the most important of them is already possessed. The preparation of them here is in most cases practicable on nearly equal terms. As far as they depend on water, some superiority of advantages may be claimed from the uncommon variety and greater cheapness of situations adapted to mill-seats with which different parts of the United States abound.

So far as the dearness of labor may be a consequence of the greatness of profits in any branch of business, it is no obstacle to its success. The undertaker can afford to pay the price.

There are grounds to conclude that undertakers of manufactures in this country can at this time afford to pay higher wages to the workmen they may employ than are paid to similar workmen in Europe. The prices of foreign fabrics in the markets of the United States, which will for a long time regulate the prices of the domestic ones, may be considered as compounded of the following ingredients: The first cost of materials, including the taxes, if any, which are paid upon them where they are made, the expense of grounds, buildings, machinery and tools; the wages of the persons employed in the manufactory; the profits on the capital or stock employed; the commissions of agents to purchase them where they are made; the expense of transportation to the United States, including insurance and other incidental charges; the taxes or duties, if any, and fees of office which are paid on their exportation; the taxes or duties, and fees of office which are paid on their importation.

As to the first of these items, the cost of materials, the advantage upon the whole is at present on the side of the United States; and the difference in their favor must increase in proportion as a certain and extensive domestic demand shall induce the proprietors of land to devote more of their attention to the production of those materials. It ought not to escape observation, in a comparison on this point, that some of the principal manufacturing countries of Europe are much more dependent on foreign supply for the materials of their manufactures than would be the United States, who are capable of supplying themselves with a greater abundance, as well as a greater variety, of the requisite materials.

As to the second item, the expense of grounds, buildings, machinery and tools, an equality at least may be assumed; since advantages in some particulars will counterbalance temporary disadvantages in others.



As to the third item, or the article of wages, the comparison certainly turns against the United States, though, as before observed, not in so great a degree as is commonly supposed.

The fourth item is alike applicable to the foreign and to the domestic manufacture. It is indeed more properly a result than a particular to be compared.

But with respect to all the remaining items, they are alone applicable to the foreign manufacture, and in the strictest sense extraordinary; constituting a sum of extra charge on the foreign fabric, which cannot be estimated at less than from fifteen to thirty per cent. on the cost of it at the manufactory.

This sum of extra charge may confidently be regarded as more than a counterpoise for the real difference in the price of labor; and is a satisfactory proof that manufactures may prosper in defiance of it in the United States.

To the general allegation connected with the circumstances of scarcity of hands and dearness of labor, that extensive manufactures can only grow out of a redundant or full population, it will be sufficient to answer generally that the fact has been otherwise; that the situation alleged to be an essential condition of success has not been that of several nations, at periods when they had already attained to maturity in a variety of manufactures.

The supposed want of capital for the prosecution of manufactures in the United States is the most indefinite of the objections which are usually opposed to it.

It is very difficult to pronounce anything precise concerning the real extent of the moneyed capital of a country, and still more concerning the proportion which it bears to the objects that invite the employment of capital. It is not less difficult to pronounce how far the *effect* of any given quantity of money as capital, or,

in other words, as a medium for circulating the industry and property of a nation, may be increased by the very circumstance of the additional motion which is given to it by new objects of employment. That effect, like the momentum of descending bodies, may not improperly be represented, as in a compound ratio, to mass and velocity. It seems pretty certain that a given sum of money in a situation in which the quick impulses of commercial activity were little felt, would appear inadequate to the circulation of as great a quantity of industry and property as in one in which their full influence was experienced.

It is not obvious why the same objection might not as well be made to external commerce as to manufactures, since it is manifest that our immense tracts of land, occupied and unoccupied, are capable of giving employment to more capital than is actually bestowed on them. It is certain that the United States offer a vast field for the advantageous employment of capital; but it does not follow that there will not be found, in one way or another, a sufficient fund for the successful prosecution of any species of industry which is likely to prove truly beneficial.

The following considerations are of a nature to remove all inquietude on the score of want of capital.

The introduction of banks, as has been shown on another occasion, has a powerful tendency to extend the active capital of a country. Experience of the utility of these institutions is multiplying them in the United States. It is probable that they will be established wherever they can exist with advantage; and wherever they can be supported, if administered with prudence, they will add new energies to all pecuniary operations.

The aid of foreign capital may safely and with considerable latitude be taken into calculation. Its instrumentality has been long experienced in our external

commerce ; and it has begun to be felt in various other modes. Not only our funds but our agriculture and other internal improvements have been animated by it. It has already, in a few instances, extended even to our manufactures.

It is a well known fact that there are parts of Europe which have more capital than profitable domestic objects of employment. Hence, among other proofs, the large loans continually furnished to foreign states. And it is equally certain that the capital of other parts may find more profitable employment in the United States than at home. And notwithstanding there are weighty inducements to prefer the employment of capital at home, even at less profit, to an investment of it abroad, though with greater gain, yet these inducements are overruled either by a deficiency of employment or by a very material difference in profit. Both these causes operate to produce a transfer of foreign capital to the United States. It is certain that various objects in this country hold out advantages which are with difficulty to be equaled elsewhere ; and under the increasingly favorable impressions which are entertained of our government, the attractions will become more and more strong. These impressions will prove a rich mine of prosperity to the country if they are confirmed and strengthened by the progress of our affairs. And to secure this advantage, little more is necessary than to foster industry and cultivate order and tranquillity at home and abroad.

It is not impossible that there may be persons disposed to look with a jealous eye on the introduction of foreign capital as if it were an instrument to deprive our own citizens of the profits of our own industry. But perhaps there never could be a more unreasonable jealousy. Instead of being viewed as a rival, it ought to be considered as a most valuable auxiliary ; condu-

cing to put in motion a greater quantity of productive labor and a greater portion of useful enterprise than could exist without it. It is at least evident that in a country situated like the United States, with an infinite fund of resources yet to be unfolded, every farthing of foreign capital which is laid out in internal meliorations and in industrial establishments of a permanent nature is a precious acquisition.

And whatever be the objects which originally attract foreign capital when once introduced, it may be directed towards any purpose of beneficial exertion which is desired. And to detain it among us there can be no expedient so effectual as to enlarge the sphere within which it may be usefully employed ; though introduced merely with views to speculations in the funds, it may afterwards be rendered subservient to the interests of agriculture, commerce and manufactures.

But the attraction of foreign capital for the direct purpose of manufactures ought not to be deemed a chimerical expectation. There are already examples of it, as remarked in another place. And the examples, if the disposition be cultivated, can hardly fail to multiply. There are also instances of another kind which serve to strengthen the expectation ; enterprises for improving the public communications, by cutting canals, opening the obstructions in rivers and erecting bridges, have received very material aid from the same source.

When the manufacturing capitalist of Europe shall advert to the many important advantages which have been intimated in the course of this report, he cannot but perceive very powerful inducements to a transfer of himself and his capital to the United States. Among the reflections which a most interesting peculiarity of situation is calculated to suggest, it cannot escape his observation as a circumstance of moment in the calculation, that the progressive population and improve-

ment of the United States insure a continually increasing domestic demand for the fabrics which he shall produce, not to be affected by any external casualties or vicissitudes.

But while there are circumstances sufficiently strong to authorize a considerable degree of reliance on the aid of foreign capital towards the attainment of the object in view, it is satisfactory to have good grounds of assurance that there are domestic resources of themselves adequate to it. It happens that there is a species of capital actually existing within the United States, which relieves from all inquietude on the score of want of capital, — this is the funded debt.

The effect of a funded debt, as a species of capital, has been noticed upon a former occasion; but a more particular elucidation of the point seems to be required by the stress which is here laid upon it. This shall accordingly be attempted.

Public funds answer the purpose of capital, from the estimation in which they are usually held by moneyed men; and consequently from the ease and dispatch with which they can be turned into money. This capacity of prompt convertibility into money causes a transfer of stock to be, in a great number of cases, equivalent to a payment in coin; and where it does not happen to suit the party who is to receive to accept a transfer of stock, the party who is to pay is never at a loss to find elsewhere a purchaser of his stock, who will furnish him, in lieu of it, with the coin of which he stands in need.

Hence, in a sound and settled state of the public funds, a man possessed of a sum in them can embrace any scheme of business which offers, with as much confidence as if he were possessed of an equal sum in coin.

This operation of public funds as capital is too obvious to be denied; but it is objected to the idea of their

operating as an augmentation of the capital of the community, that they serve to occasion the destruction of some other capital to an equal amount.

The capital which alone they can be supposed to destroy must consist of — the annual revenue, which is applied to the payment of interest on the debt and to the gradual redemption of the principal; the amount of the coin which is employed in circulating the funds, or, in other words, in effecting the different alienations which they undergo.

But the following appears to be the true and accurate view of this matter: —

1st. As to the point of the annual revenue requisite for payment of interest and redemption of principal.

As a determinate proportion will tend to perspicuity in the reasoning, let it be supposed that the annual revenue to be applied, corresponding with the modification of the six per cent. stock of the United States, is in the ratio of eight upon the hundred; that is, in the first instance, six on account of interest, and two on account of principal.

Thus far it is evident that the capital destroyed to the capital created would bear no greater proportion than eight to one hundred. There would be withdrawn from the total mass of other capitals a sum of \$8 to be paid to the public creditor, while he would be possessed of a sum of \$100, ready to be applied to any purpose, to be embarked in any enterprise which might appear to him eligible. Here, then, the augmentation of capital, or the excess of that which is produced beyond that which is destroyed, is equal to \$92.

To this conclusion it may be objected that the sum of \$8 is to be withdrawn annually until the whole hundred is extinguished; and it may be inferred that, in process of time, a capital will be destroyed equal to that which is at first created.

But it is nevertheless true that, during the whole of the interval between the creation of the capital of \$100 and its reduction to a sum not greater than that of the annual revenue appropriated to its redemption, there will be a greater active capital in existence than if no debt had been contracted. The sum drawn from other capitals in any one year will not exceed \$8; but there will be, at every instant of time during the whole period in question, a sum corresponding with so much of the principal as remains unredeemed in the hands of some person or other, employed or ready to be employed in some profitable undertaking. There will, therefore, constantly be more capital in capacity to be employed than capital taken from employment. The excess for the first year has been stated to be \$92; it will diminish yearly, but there always will be an excess until the principal of the debt is brought to a level with the redeeming annuity; that is, in the case which has been assumed by way of example, to \$8. The reality of this excess becomes palpable if it be supposed, as often happens, that the citizen of a foreign country imports into the United States \$100 for the purchase of an equal sum of public debt. Here is an absolute augmentation of the mass of circulating coin to the extent of \$100. At the end of a year, the foreigner is presumed to draw back \$8 on account of his principal and interest, but he still leaves \$92 of his original deposit in circulation, as he, in like manner, leaves \$84 at the end of the second year, drawing back then also the annuity of \$8. And thus the matter proceeds; the capital left in circulation diminishing each year, and coming nearer to the level of the annuity drawn back. There are, however, some differences in the ultimate operation of the part of the debt which is purchased by foreigners, and that which remains in the hands of citizens. But the general effect in each case, though in different degrees, is to add to the active capital of the country.

Hitherto the reasoning has proceeded on a concession of the position that there is a destruction of some other capital, to the extent of the annuity appropriated to the payment of the interest and the redemption of the principal of the debt; but in this too much has been conceded. There is at most a temporary transfer of some other capital to the amount of the annuity from those who pay to the creditor who receives, which he again restores to the circulation to resume the offices of a capital. This he does either immediately, by employing the money in some branch of industry; or mediately, by lending it to some other person who does so employ it, or by spending it on his own maintenance. In either supposition there is no destruction of capital; there is nothing more than a suspension of its motion for a time; that is, while it is passing from the hands of those who pay into the public coffers, and thence through the public creditor into some other channel of circulation. When the payments of interest are periodical and quick, and made by the instrumentality of banks, the diversion or suspension of capital may almost be denominated momentary. Hence the deduction on this account is far less than it at first sight appears to be.

There is evidently, as far as regards the annuity, no destruction nor transfer of any other capital than that portion of the income of each individual which goes to make up the annuity. The land which furnishes the farmer with the sum which he is to contribute remains the same, and the like may be observed of other capitals. Indeed, as far as the tax which is the object of contribution (as frequently happens when it does not oppress by its weight) may have been a motive to greater exertion in any occupation, it may even serve to increase the contributory capital. This idea is not without importance in the general view of the subject.



It remains to see what further deduction ought to be made from the capital which is created by the existence of the debt, on account of the coin which is employed in its circulation. This is susceptible of much less precise calculation than the article which has been just discussed. It is impossible to say what proportion of coin is necessary to carry on the alienations which any species of property usually undergoes. The quantity indeed varies according to circumstances. But it may still, without hesitation, be pronounced, from the quickness of the rotation, or rather of the transitions, that the medium of circulation always bears but a small proportion to the amount of the property circulated. And it is thence satisfactorily deducible, that the coin employed in the negotiations of the funds, and which serves to give them activity, as capital, is incomparably less than the sum of the debt negotiated for the purpose of business.

It ought not, however, to be omitted that the negotiation of the funds becomes itself a distinct business; which employs, and by employing diverts a portion of the circulating coin from other pursuits. But making due allowance for this circumstance, there is no reason to conclude that the effect of the diversion of coin, in the whole operation, bears any considerable proportion to the amount of the capital to which it gives activity. The sum of the debt in circulation is continually at the command of any useful enterprise: the coin itself which circulates it is never more than momentarily suspended from its ordinary functions. It experiences an incessant and rapid flux and reflux to and from the channels of industry to those of speculations in the funds.

There are strong circumstances in confirmation of this theory. The force of moneyed capital which has been displayed in Great Britain, and the height to which every species of industry has grown up under it, defy a

solution from the quantity of coin which that kingdom has ever possessed. Accordingly, it has been coeval with its funding system, the prevailing opinion of the men of business, and of the generality of the most sagacious theorists of that country, that the operation of the public funds as capital has contributed to the effect in question. Among ourselves, appearances thus far favor the same conclusion. Industry in general seems to have been reanimated. There are symptoms indicating an extension of our commerce. Our navigation has certainly of late had a considerable spring; and there appears to be, in many parts of the Union, a command of capital which, till lately, since the Revolution at least, was unknown. But it is at the same time to be acknowledged that other circumstances have concurred (and in a great degree) in producing the present state of things; and that the appearances are not yet sufficiently decisive to be entirely relied upon.

In the question under discussion, it is important to distinguish between an absolute increase of capital, or an accession of real wealth, and an artificial increase of capital, as an engine of business, or as an instrument of industry and commerce. In the first sense, a funded debt has no pretensions to being deemed an increase of capital; in the last, it has pretensions which are not easy to be controverted. Of a similar nature is bank credit, and, in an inferior degree, every species of private credit.

But though a funded debt is not, in the first instance, an absolute increase of capital, or an augmentation of real wealth, yet, by serving as a new power in the operations of industry, it has, within certain bounds, a tendency to increase the real wealth of a community; in like manner, as money borrowed by a thrifty farmer to be laid out in the improvement of his farm may, in the end, add to his stock of real riches.

There are respectable individuals, who, from a just aversion to an accumulation of public debt, are unwilling to concede to it any kind of utility; who can discern no good to alleviate the ill with which they suppose it pregnant; who cannot be persuaded that it ought, in any sense, to be viewed as an increase of capital, lest it should be inferred that the more debt the more capital, the greater the burdens, the greater the blessings of the community.

But it interests the public councils to estimate every object as it truly is; to appreciate how far the good in any measure is compensated by the ill, or the ill by the good: either of them is seldom unmixed.

Neither will it follow that an accumulation of debt is desirable, because a certain degree of it operates as capital. There may be a plethora in the political as in the natural body; there may be a state of things in which any such artificial capital is unnecessary. The debt, too, may be swelled to such a size as that the greatest part of it may cease to be useful as a capital, serving only to pamper the dissipation of idle and dissolute individuals; as that the sums required to pay the interest upon it may become oppressive, and beyond the means which a government can employ, consistently with its tranquillity, to raise them; as that the resources of taxation, to face the debt, may have been strained too far to admit of extensions adequate to exigencies which regard the public safety. Where this critical point is cannot be pronounced; but it is impossible to believe that there is not such a point.

And, as the vicissitudes of nations beget a perpetual tendency to the accumulation of debt, there ought to be in every government a perpetual, anxious, and unceasing effort to reduce that which at any time exists, as fast as shall be practicable, consistently with integrity and good faith.

Reasonings on a subject comprehending ideas so abstract and complex, so little reducible to precise calculation as those which enter into the question just discussed, are always attended with a danger of running into fallacies. Due allowance ought, therefore, to be made for this possibility. But as far as the nature of the subject admits of it, there appears to be satisfactory ground for a belief that the public funds operate as a resource of capital to the citizens of the United States; and, if they are a resource at all, it is an extensive one.

To all the arguments which are brought to evince the impracticability of success in manufacturing establishments in the United States, it might have been a sufficient answer to have referred to the experience of what has been already done; it is certain that several important branches have grown up and flourished with a rapidity which surprises, affording an encouraging assurance of success in future attempts. Of these it may not be improper to enumerate the most considerable:—

1. *Of Skins.* — Tanned and tawed leather, dressed skins, shoes, boots, and slippers, harness and saddlery of all kinds, portmanteaus and trunks, leather breeches, gloves, muffs and tippets, parchment and glue.

2. *Of Iron.* — Bar and sheet iron, steel, nail rods and nails, implements of husbandry, stoves, pots, and other household utensils, the steel and iron work of carriages, and for shipbuilding, anchors, scale-beams, and weights, and various tools of artificers, arms of different kinds, though the manufacture of these last has of late diminished for want of demand.

3. *Of Wood.* — Ships, cabinet wares and turnery, wool and cotton cards, and other machinery for manufactures and husbandry, mathematical instruments, coopers' wares of every kind.

4. *Of Flax and Hemp.* — Cables, sail-cloth, cordage, twine and packthread.

5. Bricks, and coarse tiles and potters' wares.

6. Ardent spirits and malt liquors.

7. Writing and printing paper, sheathing and wrapping paper, pasteboards, fullers' or press papers, paper hangings.

8. Hats of fur and wool, and of mixtures of both, women's stuff and silk shoes.

9. Refined sugars.

10. Oils of animals and seeds, soap, spermaceti and tallow candles.

11. Copper and brass wares (particularly utensils for distillers, sugar refiners and brewers), andirons and other articles for household use, philosophical apparatus.

12. Tin wares for most purposes of ordinary use.

13. Carriages of all kinds.

14. Snuff, chewing and smoking tobacco.

15. Starch and hair powder.

16. Lampblack and other painters' colors.

17. Gunpowder.

Besides manufactories of these articles, which are carried on as regular trades, and have attained to a considerable degree of maturity, there is a vast scene of household manufacturing which contributes more largely to the supply of the community than could be imagined without having made it an object of particular inquiry. This observation is the pleasing result of the investigation to which the subject of this report has led, and is applicable as well to the southern as to the middle and northern States. Great quantities of coarse cloths, coatings, serges and flannels, linsey-woolseys, hosiery of wool, cotton and thread, coarse fustians, jeans and muslins, checked and striped cotton and linen goods, bedticks, coverlets and counterpanes, tow linens,

coarse shirtings, sheetings, toweling and table linen, and various mixtures of wool and cotton, and of cotton and flax, are made in the household way, and in many instances to an extent not only sufficient for the supply of the families in which they are made, but for sale, and even in some cases for exportation. It is computed in a number of districts that two-thirds, three-fourths, and even four-fifths of all the clothing of the inhabitants are made by themselves. The importance of so great a progress as appears to have been made in family manufactures within a few years, both in a moral and political view, renders the fact highly interesting.

Neither does the above enumeration comprehend all the articles that are manufactured as regular trades. Many others occur which are equally well established, but which not being of equal importance have been omitted. And there are many attempts still in their infancy, which, though attended with very favorable appearances, could not have been properly comprised in an enumeration of manufactories already established. There are other articles also of great importance which, though strictly speaking manufactures, are omitted as being immediately connected with husbandry; such are flour, pot and pearl ash, pitch, tar, turpentine, and the like.

There remains to be noticed an objection to the encouragement of manufactures of a nature different from those which question the probability of success. This is derived from its supposed tendency to give a monopoly of advantages to particular classes at the expense of the rest of the community, who, it is affirmed, would be able to procure the requisite supplies of manufactured articles on better terms from foreigners than from our own citizens; and who, it is alleged, are reduced to a necessity of paying an enhanced price for whatever they want, by every measure which obstructs the free competition of foreign commodities.

It is not an unreasonable supposition that measures which serve to abridge the free competition of foreign articles have a tendency to occasion an enhancement of prices, and it is not to be denied that such is the effect in a number of cases; but the fact does not uniformly correspond with the theory. A reduction of prices has in several instances immediately succeeded the establishment of a domestic manufacture. Whether it be that foreign manufacturers endeavor to supplant by underselling our own, or whatever else be the cause, the effect has been such as is stated, and the reverse of what might have been expected.

But though it were true that the immediate and certain effect of regulations controlling the competition of foreign with domestic fabrics was an increase of price, it is universally true that the contrary is the ultimate effect with every successful manufacture. When a domestic manufacture has attained to perfection, and has engaged in the prosecution of it a competent number of persons, it invariably becomes cheaper. Being free from the heavy charges which attend the importation of foreign commodities, it can be afforded, and accordingly seldom or never fails to be sold cheaper in process of time than was the foreign article for which it is a substitute. The internal competition which takes place soon does away everything like monopoly, and by degrees reduces the price of the article to the *minimum* of a reasonable profit on the capital employed. This accords with the reason of the thing and with experience.

Whence it follows that it is the interest of a community, with a view to eventual and permanent economy, to encourage the growth of manufactures. In a national view, a temporary enhancement of price must always be well compensated by a permanent reduction of it.

It is a reflection which may with propriety be indulged here, that this eventual diminution of the prices of manufactured articles, which is the result of internal manufacturing establishments, has a direct and very important tendency to benefit agriculture. It enables the farmer to procure, with a smaller quantity of his labor, the manufactured produce of which he stands in need, and consequently increases the value of his income and property.

The objections which are commonly made to the expediency of encouraging, and to the probability of succeeding in manufacturing pursuits in the United States having now been discussed, the considerations which have appeared in the course of the discussion, recommending that species of industry to the patronage of the government, will be materially strengthened by a few general and some particular topics which have been naturally reserved for subsequent notice.

I. There seems to be a moral certainty that the trade of a country which is both manufacturing and agricultural will be more lucrative and prosperous than that of a country which is merely agricultural.

One reason for this is found in that general effort of nations (which has been already mentioned) to procure from their own soils the articles of prime necessity requisite to their own consumption and use, and which serves to render their demand for a foreign supply of such articles in a great degree occasional and contingent. Hence, while the necessities of nations exclusively devoted to agriculture for the fabrics of manufacturing states are constant and regular, the wants of the latter for the products of the former are liable to very considerable fluctuations and interruptions. The great inequalities resulting from difference of seasons have been elsewhere remarked. This uniformity of demand on one side, and unsteadiness of it on the other, must



necessarily have a tendency to cause the general course of the exchange of commodities between the parties to turn to the disadvantage of the merely agricultural states. Peculiarity of situation, a climate and soil adapted to the production of peculiar commodities, may sometimes contradict the rule, but there is every reason to believe that it will be found in the main a just one.

Another circumstance which gives a superiority of commercial advantages to states that manufacture as well as cultivate consists in the more numerous attractions which a more diversified market offers to foreign customers, and in the greater scope which it affords to mercantile enterprise. It is a position of indisputable truth in commerce, depending too on very obvious reasons, that the greatest resort will ever be to those marts where commodities, while equally abundant, are most various. Each difference of kind holds out an additional inducement. And it is a position not less clear, that the field of enterprise must be enlarged to the merchants of a country in proportion to the variety as well as the abundance of commodities which they find at home for exportation to foreign markets.

A third circumstance, perhaps not inferior to either of the other two, conferring the superiority which has been stated, has relation to the stagnations of demand for certain commodities which at some time or other interfere more or less with the sale of all. The nation which can bring to market but few articles is likely to be more quickly and sensibly affected by such stagnations than one which is always possessed of a great variety of commodities: the former frequently finds too great a portion of its stock of materials for sale or exchange lying on hand, or is obliged to make injurious sacrifices to supply its wants of foreign articles, which are numerous and urgent in proportion to the smallness of the number of its own. The latter commonly finds

itself indemnified by the high prices of some articles for the low prices of others; and the prompt and advantageous sale of those articles which are in demand enables its merchants the better to wait for a favorable change in respect to those which are not. There is ground to believe, that a difference of situation in this particular has immensely different effects upon the wealth and prosperity of nations.

From these circumstances collectively two important inferences are to be drawn: one, that there is always a higher probability of a favorable balance of trade in regard to countries in which manufactures founded on the basis of a thriving agriculture flourish, than in regard to those which are confined wholly, or almost wholly, to agriculture; the other (which is also a consequence of the first), that countries of the former description are likely to possess more pecuniary wealth or money than those of the latter.

Facts appear to correspond with this conclusion. The importations of manufactured supplies seem invariably to drain the merely agricultural people of their wealth. Let the situation of the manufacturing countries of Europe be compared in this particular with that of countries which only cultivate, and the disparity will be striking. Other causes, it is true, help to account for this disparity between some of them; and among these causes, the relative state of agriculture; but between others of them, the most prominent circumstance of dissimilitude arises from the comparative state of manufactures. In corroboration of the same idea, it ought not to escape remark that the West India islands, the soils of which are the most fertile, and the nation which in the greatest degree supplies the rest of the world with the precious metals, exchange to a loss with almost every other country.

As far as experience at home may guide, it will lead

to the same conclusion. Previous to the Revolution, the quantity of coin possessed by the colonies which now compose the United States appeared to be inadequate to their circulation; and their debt to Great Britain was progressive. Since the Revolution, the States in which manufactures have most increased have recovered fastest from the injuries of the late war, and abound most in pecuniary resources.

It ought to be admitted, however, in this, as in the preceding case, that causes irrelative to the state of manufactures account in a degree for the phenomena remarked. The continual progress of new settlements has a natural tendency to occasion an unfavorable balance of trade, though it indemnifies for the inconvenience by that increase of the national capital which flows from the conversion of waste into improved lands; and the different degrees of external commerce which are carried on by the different states may make material differences in the comparative state of their wealth. The first circumstance has reference to the deficiency of coin, and the increase of debt previous to the Revolution; the last to the advantages which the most manufacturing states appear to have enjoyed over the others since the termination of the late war.

But the uniform appearance of an abundance of specie as the concomitant of a flourishing state of manufactures, and of the reverse where they do not prevail, afford a strong presumption of their favorable operation upon the wealth of a country.

Not only the wealth, but the independence and security of a country appear to be materially connected with the prosperity of manufactures. Every nation, with a view to those great objects, ought to endeavor to possess within itself all the essentials of national supply. These comprise the means of subsistence, habitation, clothing, and defense.

The possession of these is necessary to the perfection of the body politic ; to the safety, as well as to the welfare, of the society ; the want of either is the want of an important organ of political life and motion ; and in the various crises which await a state, it must severely feel the effects of any such deficiency. The extreme embarrassments of the United States during the late war, from an incapacity of supplying themselves, are still matter of keen recollection. A future war might be expected again to exemplify the mischiefs and dangers of a situation to which that incapacity is still in too great a degree applicable, unless changed by timely and vigorous exertions. To effect this change as fast as shall be prudent merits all the attention and all the zeal of our public councils ; it is the next great work to be accomplished.

The want of a navy to protect our external commerce, as long as it shall continue, must render it a peculiarly precarious reliance for the supply of essential articles, and must serve to strengthen prodigiously the arguments in favor of manufactures.

To these general considerations are added some of a more particular nature.

Our distance from Europe, the great fountain of manufactured supply, subjects us, in the existing state of things, to inconvenience and loss in two ways.

The bulkiness of those commodities which are the chief productions of the soil necessarily imposes very heavy charges on their transportation to distant markets. These charges, in the cases in which the nations to whom our products are sent maintain a competition in the supply of their own markets, principally fall upon us, and form material deductions from the primitive value of the articles furnished. The charges on manufactured supplies brought from Europe are greatly enhanced by the same circumstance of distance. These

charges, again, in the cases in which our own industry maintains no competition in our own markets, also principally fall upon us ; and are an additional cause of extraordinary deduction from the primitive value of our own products, these being the materials of exchange for the foreign fabrics which we consume.

The equality and moderation of individual property, and the growing settlements of new districts, occasion in this country an unusual demand for coarse manufactures ; the charges of which, being greater in proportion to their greater bulk, augment the disadvantage which has been just described.

As, in most countries, domestic supplies maintain a very considerable competition with such foreign productions of the soil as are imported for sale, if the extensive establishment of manufactories in the United States does not create a similar competition in respect to manufactured articles, it appears to be clearly deducible, from the considerations which have been mentioned, that they must sustain a double loss in their exchanges with foreign nations, strongly conducive to an unfavorable balance of trade, and very prejudicial to their interests.

These disadvantages press with no small weight on the landed interest of the country. In seasons of peace they cause a serious deduction from the intrinsic value of the products of the soil. In the time of a war, which should either involve ourselves or another nation possessing a considerable share of our carrying trade, the charges on the transportation of our commodities, bulky as most of them are, could hardly fail to prove a grievous burden to the farmer, while obliged to depend in so great a degree as he now does upon foreign markets for the vent of the surplus of his labor.

As far as the prosperity of the fisheries of the United States is impeded by the want of an adequate market,

there arises another special reason for desiring the extension of manufactures. Besides the fish, which in many places would be likely to make a part of the subsistence of the persons employed, it is known that the oils, bones, and skins of marine animals are of extensive use in various manufactures. Hence the prospect of an additional demand for the produce of the fisheries.

One more point of view only remains, in which to consider the expediency of encouraging manufactures in the United States.

It is not uncommon to meet with an opinion, that though the promoting of manufactures may be the interest of a part of the Union, it is contrary to that of another part. The northern and southern regions are sometimes represented as having adverse interests in this respect. Those are called manufacturing; these, agricultural States; and a species of opposition is imagined to subsist between the manufacturing and agricultural interests.

This idea of an opposition between those two interests is the common error of the early periods of every country; but experience gradually dissipates it. Indeed, they are perceived so often to succor and to befriend each other, that they come at length to be considered as one; a supposition which has been frequently abused, and is not universally true. Particular encouragements of particular manufactures may be of a nature to sacrifice the interests of landholders to those of manufacturers; but it is nevertheless a maxim, well established by experience and generally acknowledged where there has been sufficient experience, that the aggregate prosperity of manufactures, and the aggregate prosperity of agriculture, are intimately connected. In the course of the discussion which has had place, various weighty considerations have been adduced, operating in support of that maxim. Perhaps the superior

steadiness of the demand of a domestic market for the surplus produce of the soil is alone a convincing argument of its truth.

Ideas of a contrariety of interests between the northern and southern regions of the Union are in the main as unfounded as they are mischievous. The diversity of circumstances on which such contrariety is usually predicated, authorizes a directly contrary conclusion. Mutual wants constitute one of the strongest links of political connection; and the extent of these bears a natural proportion to the diversity in the means of mutual supply.

Suggestions of an opposite complexion are ever to be deplored as unfriendly to the steady pursuit of one great common cause and to the perfect harmony of all the parts.

In proportion as the mind is accustomed to trace the intimate connection of interest which subsists between all the parts of a society united under the same government, the infinite variety of channels which serve to circulate the prosperity of each to and through the rest, in that proportion will it be little apt to be disturbed by solitudes and apprehensions which originate in local discriminations. It is a truth as important as it is agreeable, and one to which it is not easy to imagine exceptions, that everything tending to establish substantial and permanent order in the affairs of a country, to increase the total mass of industry and opulence, is ultimately beneficial to every part of it. On the credit of this great truth, an acquiescence may safely be accorded from every quarter to all institutions and arrangements which promise a confirmation of public order and an augmentation of national resource.

But there are more particular considerations which serve to fortify the idea, that the encouragement of manufactures is the interest of all parts of the Union. If the

northern and middle States should be the principal scenes of such establishments, they would immediately benefit the more southern, by creating a demand for productions, some of which they have in common with the other States, and others of which are either peculiar to them, or more abundant, or of better quality than elsewhere. These productions principally are timber, flax, hemp, cotton, wool, raw silk, indigo, iron, lead, furs, hides, skins, and coals. Of these articles, cotton and indigo are peculiar to the southern States, as are hitherto lead and coal. Flax and hemp are or may be raised in greater abundance there than in the more northern States; and the wool of Virginia is said to be of better quality than that of any other State, — a circumstance rendered the more probable by the reflection that Virginia embraces the same latitudes with the finest wool countries of Europe. The climate of the South is also better adapted to the production of silk.

The extensive cultivation of cotton can perhaps hardly be expected, but from the previous establishment of domestic manufactories of the article; and the surest encouragement and vent for the others would result from similar establishments in respect to them.

If, then, it satisfactorily appears that it is the interest of the United States generally to encourage manufactures, it merits particular attention, that there are circumstances which render the present a critical moment for entering with zeal upon the important business. The effort cannot fail to be materially seconded by a considerable and increasing influx of money, in consequence of foreign speculations in the funds, and by the disorders which exist in different parts of Europe.

The first circumstance not only facilitates the execution of manufacturing enterprises, but it indicates them as a necessary mean to turn the thing itself to advan-



tage, and to prevent its being eventually an evil. If useful employment be not found for the money of foreigners brought to the country to be invested in purchases of the public debt, it will quickly be reëxported to defray the expense of an extraordinary consumption of foreign luxuries; and distressing drains of our specie may hereafter be experienced to pay the interest and redeem the principal of the purchased debt.

This useful employment, too, ought to be of a nature to produce solid and permanent improvements. If the money merely serves to give a temporary spring to foreign commerce, as it cannot procure new and lasting outlets for the products of the country, there will be no real or durable advantage gained. As far as it shall find its way in agricultural meliorations, in opening canals, and in similar improvements, it will be productive of substantial utility. But there is reason to doubt whether in such channels it is likely to find sufficient employment; and still more whether many of those who possess it would be as readily attracted to objects of this nature as to manufacturing pursuits which bear greater analogy to those to which they are accustomed and to the spirit generated by them.

To open the one field as well as the other will at least secure a better prospect of useful employment for whatever accession of money there has been or may be.

There is at the present juncture a certain fermentation of mind, a certain activity of speculation and enterprise, which, if properly directed, may be made subservient to useful purposes; but which, if left entirely to itself, may be attended with pernicious effects.

The disturbed state of Europe inclining its citizens to emigration, the requisite workmen will be more easily acquired than at another time; and the effect of multiplying the opportunities of employment to those who emigrate may be an increase of the number and extent

of valuable acquisitions to the population, arts, and industry of the country.

To find pleasure in the calamities of other nations would be criminal; but to benefit ourselves by opening an asylum to those who suffer in consequence of them is as justifiable as it is politic.

A full view having now been taken of the inducements to the promotion of manufactures in the United States, accompanied with an examination of the principal objections which are commonly urged *in opposition*, it is proper, in the next place, to consider the means by which it may be effected, as introductory to a specification of the objects which in the present state of things appear the most fit to be encouraged, and of the particular measures which it may be advisable to adopt in respect to each.

In order to a better judgment of the means proper to be resorted to by the United States, it will be of use to advert to those which have been employed with success in other countries. The principal of these are: —

1. *Protecting duties, or duties on those foreign articles which are the rivals of the domestic ones intended to be encouraged.*

Duties of this nature evidently amount to a virtual bounty on the domestic fabrics, since by enhancing the charges on foreign articles they enable the national manufacturers to undersell all their foreign competitors. The propriety of this species of encouragement need not be dwelt upon, as it is not only a clear result from the numerous topics which have been suggested, but is sanctioned by the laws of the United States in a variety of instances; it has the additional recommendation of being a resource of revenue. Indeed, all the duties imposed on imported articles, though with an exclusive view to revenue, have the effect in contemplation; and, except where they fall on raw materials,

wear a beneficent aspect towards the manufactures of the country.

*2. Prohibitions of rival articles, or duties equivalent to prohibitions.*

This is another and an efficacious mean of encouraging national manufactures ; but in general it is only fit to be employed when a manufacture has made such a progress, and is in so many hands, as to insure a due competition and an adequate supply on reasonable terms. Of duties equivalent to prohibitions there are examples in the laws of the United States ; and there are other cases to which the principle may be advantageously extended, but they are not numerous.

Considering a monopoly of the domestic market to its own manufacturers as the reigning policy of manufacturing nations, a similar policy on the part of the United States, in every proper instance, is dictated, it might almost be said, by the principles of distributive justice ; certainly by the duty of endeavoring to secure to their own citizens a reciprocity of advantages.

*3. Prohibitions of the exportation of the materials of manufactures.*

The desire of securing a cheap and plentiful supply for the national workmen ; and, where the article is either peculiar to the country, or of peculiar quality there, the jealousy of enabling foreign workmen to rival those of the nation with its own materials, are the leading motives to this species of regulation. It ought not to be affirmed that it is in no instance proper, but it is certainly one which ought to be adopted with great circumspection and only in very plain cases. It is seen at once that its immediate operation is to abridge the demand and keep down the price of the produce of some other branch of industry, generally speaking of agriculture, to the prejudice of those who carry it on ; and though if it be really essential to the

prosperity of any very important national manufacture it may happen that those who are injured in the first instance may be eventually indemnified by the superior steadiness of an extensive domestic market depending on that prosperity, yet, in a matter in which there is so much room for nice and difficult combinations, in which such opposite considerations combat each other, prudence seems to dictate that the expedient in question ought to be indulged with a sparing hand.

4. *Pecuniary bounties.*

This has been found one of the most efficacious means of encouraging manufactures, and it is, in some views, the best, though it has not yet been practiced upon the government of the United States, — unless the allowance on the exportation of dried and pickled fish and salted meat could be considered as a bounty, — and though it is less favored by public opinion than some other modes. Its advantages are these : —

1. It is a species of encouragement more positive and direct than any other, and for that very reason has a more immediate tendency to stimulate and uphold new enterprises, increasing the chances of profit, and diminishing the risks of loss in the first attempts.

2. It avoids the inconvenience of a temporary augmentation of price, which is incident to some other modes, or it produces it to a less degree, either by making no addition to the charges on the rival foreign article, as in the case of protecting duties, or by making a smaller addition. The first happens when the fund for the bounty is derived from a different object (which may or may not increase the price of some other article according to the nature of that object); the second, when the fund is derived from the same or a similar object of foreign manufacture. One per cent. duty on the foreign article, converted into a bounty on the domestic, will have an equal effect with a duty of 2%

exclusive of such bounty; and the price of the foreign commodity is liable to be raised in the one case in the proportion of 1%, in the other in that of 2%. Indeed, the bounty, when drawn from another source, is calculated to promote a reduction of price, because, without laying any new charge on the foreign article, it serves to introduce a competition with it, and to increase the total quantity of the article in the market.

3. Bounties have not, like high protecting duties, a tendency to produce scarcity. An increase of price is not always the immediate, though where the progress of a domestic manufacture does not counteract a rise, it is commonly the ultimate effect of an additional duty. In the interval between the laying of the duty and a proportional increase of price, it may discourage importation by interfering with the profits to be expected from the sale of the article.

4. Bounties are sometimes not only the best, but the only proper expedient for uniting the encouragement of a new object of agriculture with that of a new object of manufacture. It is the interest of the farmer to have the production of the raw material promoted by counteracting the interference of the foreign material of the same kind. It is the interest of the manufacturer to have the material abundant and cheap. If, prior to the domestic production of the material in sufficient quantity to supply the manufacturer on good terms, a duty be laid upon the importation of it from abroad, with a view to promote the raising of it at home, the interest both of the farmer and manufacturer will be disserved. By either destroying the requisite supply, or raising the price of the article beyond what can be afforded to be given for it by the conductor of an infant manufacture, it is abandoned or fails; and there being no domestic manufactories to create a demand for the raw material which is raised by the farmer,

it is in vain that the competition of the like foreign article may have been destroyed.

It cannot escape notice that a duty upon the importation of an article can no otherwise aid the domestic production of it than by giving the latter greater advantages in the home market. It can have no influence upon the advantageous sale of the article produced in foreign markets, no tendency, therefore, to promote its exportation.

The true way to conciliate these two interests is to lay a duty on foreign manufactures of the material, the growth of which is desired to be encouraged, and to apply the produce of that duty by way of bounty either upon the production of the material itself, or upon its manufacture at home, or upon both. In this disposition of the thing the manufacturer commences his enterprise under every advantage which is attainable as to quantity or price of the raw material. And the farmer, if the bounty be immediately to him, is enabled by it to enter into a successful competition with the foreign material. If the bounty be to the manufacturer on so much of the domestic material as he consumes, the operation is nearly the same; he has a motive of interest to prefer the domestic commodity, if of equal quality, even at a higher price than the foreign, so long as the difference of price is anything short of the bounty which is allowed upon the article.

Except the simple and ordinary kinds of household manufacture, or those for which there are very commanding local advantages, pecuniary bounties are in most cases indispensable to the introduction of a new branch. A stimulus and a support, not less powerful and direct, is, generally speaking, essential to the overcoming of the obstacles which arise from the competitions of superior skill and maturity elsewhere. Bounties are especially essential in regard to articles upon

which those foreigners, who have been accustomed to supply a country, are in the practice of granting them.

The continuance of bounties on manufactures long established must almost always be of questionable policy, because a presumption would arise in every such case that there were natural and inherent impediments to success. But in new undertakings they are as justifiable as they are oftentimes necessary.

There is a degree of prejudice against bounties, from an appearance of giving away the public money without an immediate consideration, and from a supposition that they serve to enrich particular classes at the expense of the community.

But neither of these sources of dislike will bear a serious examination. There is no purpose to which public money can be more beneficially applied than to the acquisition of a new and useful branch of industry, no consideration more valuable than a permanent addition to the general stock of productive labor.

As to the second source of objection, it equally lies against other modes of encouragement, which are admitted to be eligible. As often as a duty upon a foreign article makes an addition to its price, it causes an extra expense to the community for the benefit of the domestic manufacturer. A bounty does no more. But it is the interest of the society in each case to submit to a temporary expense, which is more than compensated by an increase of industry and wealth, by an augmentation of resources and independence, and by the circumstance of eventual cheapness, which has been noticed in another place.

It would deserve attention, however, in the employment of this species of encouragement in the United States, as a reason for moderating the degree of it in the instances in which it might be deemed eligible, that the great distance of this country from Europe

imposes very heavy charges on all the fabrics which are brought from thence, amounting from 15% to 30% on their value, according to their bulk.

A question has been made concerning the constitutional right of the Government of the United States to apply this species of encouragement; but there is certainly no good foundation for such a question. The national legislature has express authority "to lay and collect taxes, duties, imposts, and excises; to pay the debts, and provide for the common defense and general welfare," with no other qualifications than that "all duties, imposts, and excises shall be uniform throughout the United States; that no capitation or other direct tax shall be laid, unless in proportion to numbers ascertained by a census, or enumeration taken on the principles prescribed in the Constitution," and that "no tax or duty shall be laid on articles exported from any State."

These three qualifications excepted, the power to raise money is plenary and indefinite; and the objects to which it may be appropriated are no less comprehensive than the payment of the public debts, and the providing for the common defense and general welfare. The terms "general welfare" were doubtless intended to signify more than was expressed or imported in those which preceded; otherwise numerous exigencies incident to the affairs of a nation would have been left without a provision. The phrase is as comprehensive as any that could have been used; because it was not fit that the constitutional authority of the Union to appropriate its revenues should have been restricted within narrower limits than the "general welfare;" and because this necessarily embraces a vast variety of particulars, which are susceptible neither of specification nor of definition.

It is therefore of necessity left to the discretion of



the national legislature to pronounce upon the objects which concern the general welfare, and for which, under that description, an appropriation of money is requisite and proper. And there seems to be no room for a doubt that whatever concerns the general interests of learning, of agriculture, of manufactures, and of commerce, are within the sphere of the national councils, as far as regards an application of money.

The only qualification of the generality of the phrase in question which seems to be admissible, is this: that the object to which an appropriation of money is to be made be general and not local; its operation extending in fact, or by possibility, throughout the Union, and not being confined to a particular spot.

No objection ought to arise to this construction, from a supposition that it would imply a power to do whatever else should appear to Congress conducive to the general welfare. A power to appropriate money with this latitude which is granted too in express terms, would not carry a power to do any other thing, not authorized in the Constitution, either expressly or by fair implication.

#### 5. *Premiums.*

These are of a nature allied to bounties, though distinguishable from them in some important features.

Bounties are applicable to the whole quantity of an article produced or manufactured or exported, and involve a correspondent expense. Premiums serve to reward some particular excellence or superiority, some extraordinary exertion or skill, and are dispensed only in a small number of cases. But their effect is to stimulate general effort; contrived so as to be both honorary and lucrative, they address themselves to different passions, touching the chords as well of emulation as of interest. They are, accordingly, a very economical mean of exciting the enterprise of a whole community.

There are various societies in different countries, whose object is the dispensation of premiums for the encouragement of agriculture, arts, manufactures and commerce, and though they are for the most part voluntary associations, with comparatively slender funds, their utility has been immense. Much has been done by this mean in Great Britain. Scotland in particular owes materially to it a prodigious melioration of condition. From a similar establishment in the United States, supplied and supported by the Government of the Union, vast benefits might reasonably be expected. Some further ideas on this head shall accordingly be submitted in the conclusion of this report.

*6. The exemption of the materials of manufactures from duty.*

The policy of that exemption, as a general rule, particularly in reference to new establishments, is obvious. It can hardly ever be advisable to add the obstructions of fiscal burdens to the difficulties which naturally embarrass a new manufacture; and where it is matured, and in condition to become an object of revenue, it is, generally speaking, better that the fabric, than the material, should be the subject of taxation. Ideas of proportion between the quantum of the tax and the value of the article can be more easily adjusted in the former than in the latter case. An argument for exemptions of this kind in the United States is to be derived from the practice, as far as their necessities have permitted, of those nations whom we are to meet as competitors in our own and in foreign markets.

There are, however, exceptions to it, of which some examples will be given under the next head.

The laws of the Union afford instances of the observance of the policy here recommended, but it will probably be found advisable to extend it to some other cases. Of a nature bearing some affinity to that

policy is the regulation which exempts from duty the tools and implements, as well as the books, clothes and household furniture, of foreign artists who come to reside in the United States ; an advantage already secured to them by the laws of the Union, and which it is in every view proper to continue.

*7. Drawbacks of the duties which are imposed on the materials of manufactures.*

It has already been observed as a general rule, that duties on those materials ought, with certain exceptions, to be forborne. Of these exceptions, three cases occur which may serve as examples. One, where the material is itself an object of general or extensive consumption, and a fit and productive source of revenue. Another, where a manufacture of a simpler kind, the competition of which with a like domestic article is desired to be restrained, partakes of the nature of a raw material from being capable by a further process to be converted into a manufacture of a different kind, the introduction or growth of which is desired to be encouraged. A third, where the material itself is the production of the country, and in sufficient abundance to furnish a cheap and plentiful supply to the national manufacturers.

Under the first description comes the article of molasses. It is not only a fair object of revenue, but being a sweet, it is just that the consumers of it should pay a duty as well as the consumers of sugar.

Cottons and linens in their white state fall under the second description. A duty upon such as are imported is proper to promote the domestic manufacture of similar articles in the same state ; a drawback of that duty is proper to encourage the printing and staining at home of those which are brought from abroad. When the first of these manufactures has attained sufficient maturity in a country to furnish a full supply for the second, the utility of the drawback ceases.

The article of hemp either now does or may be expected soon to exemplify the third case in the United States.

Where duties on the materials of manufactures are not laid for the purpose of preventing a competition with some domestic production, the same reasons which recommend, as a general rule, the exemption of those materials from duties, would recommend, as a like general rule, the allowance of drawbacks in favor of the manufacturer. Accordingly, such drawbacks are familiar in countries which systematically pursue the business of manufactures, which furnishes an argument for the observance of a similar policy in the United States; and the idea has been adopted by the laws of the Union, in the instances of salt and molasses. It is believed that it will be found advantageous to extend it to some other articles.

8. *The encouragement of new inventions and discoveries at home, and of the introduction into the United States of such as may have been made in other countries; particularly those which relate to machinery.*

This is among the most useful and unexceptionable of the aids which can be given to manufactures. The usual means of that encouragement are pecuniary rewards, and, for a time, exclusive privileges. The first must be employed according to the occasion and the utility of the invention or discovery. For the last, so far as respects "authors and inventors," provision has been made by law. But it is desirable, in regard to improvements and secrets of extraordinary value, to be able to extend the same benefit to introducers as well as authors and inventors; a policy which has been practiced with advantage in other countries. Here, however, as in some other cases, there is cause to regret that the competency of the authority of the national Government to the good which might be done, is not

without a question. Many aids might be given to industry, many internal improvements of primary magnitude might be promoted, by an authority operating throughout the Union, which cannot be effected as well, if at all, by an authority confined within the limits of a single State.

But if the Legislature of the Union cannot do all the good that might be wished, it is at least desirable that all may be done which is practicable. Means for promoting the introduction of foreign improvements, though less efficaciously than might be accomplished with more adequate authority, will form a part of the plan intended to be submitted in the close of this report.

It is customary with manufacturing nations to prohibit, under severe penalties, the exportation of implements and machines which they have either invented or improved. There are already objects for a similar regulation in the United States, and others may be expected to occur from time to time. The adoption of it seems to be dictated by the principle of reciprocity. Greater liberality in such respects might better comport with the general spirit of the country; but a selfish and exclusive policy in other quarters will not always permit the free indulgence of a spirit which would place us upon an unequal footing. As far as prohibitions tend to prevent foreign competitors from deriving the benefit of the improvements made at home, they tend to increase the advantages of those by whom they have been introduced, and operate as an encouragement to exertion.

*9. Judicious regulations for the inspection of manufactured commodities.*

This is not among the least important of the means by which the prosperity of manufactures may be promoted. It is indeed in many cases one of the most essential. Contributing to prevent frauds upon consumers

at home and exporters to foreign countries, to improve the quality and preserve the character of the national manufactures ; it cannot fail to aid the expeditious and advantageous sale of them, and to serve as a guard against successful competition from other quarters. The reputation of the flour and lumber of some States and of the potash of others has been established by an attention to this point ; and the like good name might be procured for those articles, wheresoever produced, by a judicious and uniform system of inspection throughout the ports of the United States. A like system might also be extended with advantage to other commodities.

10. *The facilitating of pecuniary remittances from place to place —*

Is a point of considerable moment to trade in general and to manufactures in particular, by rendering more easy the purchase of raw materials and provisions, and the payment for manufactured supplies. A general circulation of bank paper, which is to be expected from the institution lately established, will be a most valuable mean to this end. But much good would also accrue from some additional provisions respecting inland bills of exchange. If those drawn in one State, payable in another, were made negotiable everywhere, and interest and damages allowed in case of protest, it would greatly promote negotiations between the citizens of different States, by rendering them more secure ; and with it the convenience and advantage of the merchants and manufacturers of each.

11. *The facilitating of the transportation of commodities.*

Improvements favoring this object intimately concern all the domestic interests of a community ; but they may, without impropriety, be mentioned as having an important relation to manufactures. There is perhaps scarcely anything which has been better calculated

to assist the manufactures of Great Britain than the meliorations of the public roads of that kingdom, and the great progress which has been of late made in opening canals. Of the former the United States stand much in need; for the latter they present uncommon facilities.

The symptoms of attention to the improvement of inland navigation, which have lately appeared in some quarters, must fill with pleasure every breast warmed with a true zeal for the prosperity of the country. These examples, it is to be hoped, will stimulate the exertions of the government and citizens of every State. There can certainly be no object more worthy of the cares of the local administrations; and it were to be wished that there was no doubt of the power of the national Government to lend its direct aid, on a comprehensive plan. This is one of those improvements which could be prosecuted with more efficacy by the whole than by any part or parts of the Union. There are cases in which the general interest will be in danger to be sacrificed to the collision of some supposed local interests. Jealousies in matters of this kind are as apt to exist as they are apt to be erroneous.

The following remarks are sufficiently judicious and pertinent to deserve a literal quotation: "Good roads, canals, and navigable rivers, by diminishing the expense of carriage, put the remote parts of a country more nearly upon a level with those in the neighborhood of the town. They are upon that account the greatest of all improvements. They encourage the cultivation of the remote, which must always be the most extensive circle of the country. They are advantageous to the town, by breaking down the monopoly of the country in its neighborhood. They are advantageous even to that part of the country. Though they introduce some rival commodities into the old market, they open many new

markets to its produce. Monopoly, besides, is a great enemy to good management, which can never be universally established, but in consequence of that free and universal competition which forces everybody to have recourse to it for the sake of self-defense. It is not more than fifty years ago that some of the counties in the neighborhood of London petitioned the Parliament against the extension of the turnpike roads into the remoter counties. These remoter counties, they pretended, from the cheapness of labor would be able to sell their grass and corn cheaper in the London market than themselves, and they would thereby reduce their rents and ruin their cultivation. Their rents, however, have risen and their cultivation has been improved since that time."

Specimens of a spirit similar to that which governed the counties here spoken of present themselves too frequently to the eye of an impartial observer, and render it a wish of patriotism, that the body in this country in whose councils a local or partial spirit is least likely to predominate, were at liberty to pursue and promote the general interest in those instances in which there might be danger of the interference of such a spirit.

The foregoing are the principal of the means by which the growth of manufactures is ordinarily promoted. It is, however, not merely necessary that the measures of government which have a direct view to manufactures should be calculated to assist and protect them; but that those which only collaterally affect them, in the general course of the administration, should be guarded from any peculiar tendency to injure them.

There are certain species of taxes which are apt to be oppressive to different parts of the community, and, among other ill effects, have a very unfriendly aspect towards manufactures. All poll or capitation taxes are of this nature. They either proceed according to a



fixed rate, which operates unequally and injuriously to the industrious poor; or they vest a discretion in certain officers to make estimates and assessments, which are necessarily vague, conjectural, and liable to abuse. They ought, therefore, to be abstained from in all but cases of distressing emergency.

All such taxes (including all taxes on occupations) which proceed according to the amount of capital supposed to be employed in a business, or of profits supposed to be made in it, are unavoidably hurtful to industry. It is in vain that the evil may be endeavored to be mitigated by leaving it, in the first instance, in the option of the party to be taxed, to declare the amount of his capital or profits.

Men engaged in any trade or business have commonly weighty reasons to avoid disclosures which would expose, with anything like accuracy, the real state of their affairs. They most frequently find it better to risk oppression, than to avail themselves of so inconvenient a refuge; and the consequence is that they often suffer oppression.

When the disclosure, too, if made, is not definitive, but controllable by the discretion, or in other words by the passions and prejudices, of the revenue officers, it is not only an ineffectual protection, but the possibility of its being so is an additional reason for not resorting to it.

Allowing to the public officers the most equitable dispositions, yet where they are to exercise a discretion without certain data, they cannot fail to be often misled by appearances. The quantity of business which seems to be going on is in a vast number of cases a very deceitful criterion of the profits which are made; yet it is, perhaps, the best they can have, and it is the one on which they will most naturally rely. A business, therefore, which may rather require aid from the government

than be in a capacity to be contributory to it, may find itself crushed by the mistaken conjectures of the assessors of taxes.

Arbitrary taxes, under which denomination are comprised all those that leave the quantum of the tax to be raised on each person to the discretion of certain officers, are as contrary to the genius of liberty as to the maxims of industry. In this light they have been viewed by the most judicious observers on government, who have bestowed upon them the severest epithets of reprobation, as constituting one of the worst features usually to be met with in the practice of despotic governments.

It is certain, at least, that such taxes are particularly inimical to the success of manufacturing industry, and ought carefully to be avoided by a government which desires to promote it.

The great copiousness of the subject of this report has insensibly led to a more lengthy preliminary discussion than was originally contemplated or intended. It appeared proper to investigate principles, to consider objections, and to endeavor to establish the utility of the thing proposed to be encouraged, previous to a specification of the objects which might occur as meriting or requiring encouragement, and of the measures which might be proper in respect to each. The first purpose having been fulfilled, it remains to pursue the second.

In the selection of objects, five circumstances seem entitled to particular attention: the capacity of the country to furnish the raw material; the degree in which the nature of the manufacture admits of a substitute for manual labor in machinery; the facility of execution; the extensiveness of the uses to which the article can be applied; its subserviency to other interests, particularly the great one of national defense. There are, however, objects to which these circumstances are little

applicable, which, for some special reasons, may have a claim to encouragement.

A designation of the principal raw material of which each manufacture is composed will serve to introduce the remarks upon it; as, in the first place,

#### IRON.

The manufactures of this article are entitled to pre-eminent rank. None are more essential in their kinds, nor so extensive in their uses. They constitute, in whole or in part, the implements or the materials, or both, of almost every useful occupation. Their instrumentality is everywhere conspicuous.

It is fortunate for the United States that they have peculiar advantages for deriving the full benefit of this most valuable material, and they have every motive to improve it with systematic care. It is to be found in various parts of the United States in great abundance, and of almost every quality; and fuel, the chief instrument in manufacturing it, is both cheap and plenty. This particularly applies to charcoal; but there are productive coal mines already in operation, and strong indications that the material is to be found in abundance in a variety of other places.

The inquiries to which the subject of this report has led have been answered with proofs, that manufactories of iron, though generally understood to be extensive, are far more so than is commonly supposed. The kinds in which the greatest progress has been made have been mentioned in another place, and need not be repeated; but there is little doubt that every other kind, with due cultivation, will rapidly succeed. It is worthy of remark that several of the particular trades of which it is the basis are capable of being carried on without the aid of large capitals.

Iron works have greatly increased in the United

States, and are prosecuted with much more advantage than formerly. The average price before the Revolution was about \$64 per ton; at present it is about \$80, — a rise which is chiefly to be attributed to the increase of manufactures of the material.

The still further extension and multiplication of such manufactures will have the double effect of promoting the extraction of the metal itself, and of converting it to a greater number of profitable purposes.

Those manufactures, too, unite in a greater degree than almost any others the several requisites which have been mentioned as proper to be consulted in the selection of objects.

The only further encouragement of manufactories of this article, the propriety of which may be considered as unquestionable, seems to be an increase of the duties on foreign rival commodities.

Steel is a branch which has already made a considerable progress, and it is ascertained that some new enterprises on a more extensive scale have been lately set on foot. The facility of carrying it to an extent which will supply all internal demands, and furnish a considerable surplus for exportation, cannot be doubted. The duty upon the importation of this article, which is at present seventy-five cents per cwt., may, it is conceived, be safely and advantageously extended to one hundred cents. It is desirable, by decisive arrangements, to second the efforts which are making in so very valuable a branch.

The United States already in a great measure supply themselves with nails and spikes. They are able, and ought certainly to do it entirely. The first and most laborious operation in this manufacture is performed by water-mills; and of the persons afterwards employed, a great proportion are boys, whose early habits of industry are of importance to the community, to

the present support of their families, and to their own future comfort. It is not less curious than true that, in certain parts of the country, the making of nails is an occasional family manufacture.

The expediency of an additional duty on these articles is indicated by an important fact. About 1,800,000 pounds of them were imported into the United States in the course of a year, ending the 30th of September, 1790. A duty of two cents per pound would, it is presumable, speedily put an end to so considerable an importation. And it is in every view proper that an end should be put to it.

The manufacture of these articles, like that of some others, suffers from the carelessness and dishonesty of a part of those who carry it on. An inspection, in certain cases, might tend to correct the evil. It will deserve consideration whether a regulation of this sort cannot be applied without inconvenience to the exportation of the articles either to foreign countries or from one State to another.

The implements of husbandry are made in several States in great abundance. In many places it is done by the common blacksmiths. And there is no doubt that an ample supply for the whole country can with great ease be procured among ourselves.

Various kinds of edged tools, for the use of mechanics, are also made; and a considerable quantity of hollow wares, — though the business of castings has not yet attained the perfection which might be wished. It is, however, improving, and as there are respectable capitals in good hands embarked in the prosecution of those branches of iron manufactories, which are yet in their infancy, they may all be contemplated as objects not difficult to be acquired.

To insure the end it seems equally safe and prudent to extend the duty *ad valorem* upon all manufactures

of iron, or of which iron is the article of chief value, to 10%.

Fire-arms, and other military weapons, may, it is conceived, be placed without inconvenience in the class of articles rated at 15%. There exist already manufactories of these articles, which only require the stimulus of a certain demand to render them adequate to the supply of the United States.

It would also be a material aid to manufactures of this nature, as well as a mean of public security, if provision should be made for an annual purchase of military weapons of home manufacture, to a certain determinate extent, in order to the formation of arsenals, and to replace from time to time such as should be withdrawn for use, so as always to have in store the quantity of each kind which should be deemed a competent supply.

But it may hereafter deserve legislative consideration, whether manufactories of all the necessary weapons of war ought not to be established on account of government itself. Such establishments are agreeable to the usual practice of nations, and that practice seems founded on sufficient reason.

There appears to be an improvidence in leaving these essential instruments of national defense to the casual speculations of individual adventure, — a resource which can less be relied upon in this case than in most others, — the articles in question not being objects of ordinary and indispensable private consumption or use. As a general rule, manufactories on the immediate account of government are to be avoided; but this seems to be one of the few exceptions which that rule admits, depending on very special reasons.

Manufactures of steel generally, or of which steel is the article of chief value, may with advantage be placed in the class of goods rated at  $7\frac{1}{2}\%$ . As manu-

factures of this kind have not yet made any considerable progress, it is a reason for not rating them as high as those of iron; but as this material is the basis of them, and as their extension is not less practicable than important, it is desirable to promote it by a somewhat higher duty than the present.

A question arises how far it might be expedient to permit the importation of iron in pigs and bars free from duty. It would certainly be favorable to manufacturers of the article, but the doubt is whether it might not interfere with its production.

Two circumstances, however, abate, if they do not remove, apprehension on this score. One is the considerable increase of price, which has already been remarked, and which renders it probable that the free admission of foreign iron would not be inconsistent with an adequate profit to the proprietors of iron works; the other is the augmentation of demand which would be likely to attend the increase of manufactures of the article in consequence of the additional encouragements proposed to be given. But caution, nevertheless, in a matter of this kind is most advisable. The measure suggested ought, perhaps, rather to be contemplated, subject to the lights of further experience, than immediately adopted.

#### COPPER.

The manufactures of which this article is susceptible are also of great extent and utility. Under this description, those of brass, of which it is the principal ingredient, are intended to be included.

The material is a natural production of the country. Mines of copper have actually been wrought, and with profit to the undertakers, though it is not known that any are now in this condition. And nothing is easier than the introduction of it from other countries on moderate terms and in great plenty.

Coppersmiths and brassfounders, particularly the former, are numerous in the United States, — some of whom carry on business to a respectable extent.

To multiply and extend manufactories of the materials in question is worthy of attention and effort. In order to this it is desirable to facilitate a plentiful supply of the materials. And a proper mean to this end is to place them in the class of free articles. Copper in plates and brass are already in this predicament, but copper in pigs and bars is not; neither is lapis calaminaris, which, together with copper and charcoal, constitute the component ingredients of brass. The exemption from duty by parity of reason ought to embrace all such of these articles as are objects of importation.

An additional duty on brass wares will tend to the general end in view. These now stand at 5%, while those of tin, pewter and copper are rated at 7½%. There appears to be a propriety, in every view, in placing brass wares upon the same level with them; and it merits consideration whether the duty upon all of them ought not to be raised to 10%.

#### LEAD.

There are numerous proofs that this material abounds in the United States, and requires little to unfold it to an extent more than equal to every domestic occasion. A prolific mine of it has long been open in the southwestern parts of Virginia, and under a public administration, during the late war, yielded a considerable supply for military use. This is now in the hands of individuals, who not only carry it on with spirit, but have established manufactories of it at Richmond, in the same State.

The duties already laid upon the importation of this article, either in its unmanufactured or manufactured



state, insure it a decisive advantage in the home market — which amounts to considerable encouragement. If the duty on pewter wares should be raised, it would afford a further encouragement. Nothing else occurs as proper to be added.

#### FOSSIL COAL.

This, as an important instrument of manufactures, may without impropriety be mentioned among the subjects of this report.

A copious supply of it would be of great consequence to the iron branch. As an article of household fuel, also, it is an interesting production, the utility of which must increase in proportion to the decrease of wood, by the progress of settlement and cultivation. And its importance to navigation, as an immense article of transportation coastwise, is signally exemplified in Great Britain.

It is known that there are several coal mines in Virginia, now worked; and appearances of their existence are familiar in a number of places.

The expediency of a bounty on all this species of coal of home production, and of premiums on the opening of new mines, under certain qualifications, appears to be worthy of particular examination. The great importance of the article will amply justify a reasonable expense in this way, if it shall appear to be necessary to and shall be thought likely to answer the end.

#### WOOD.

Several manufacturers of this article flourish in the United States. Ships are nowhere built in greater perfection, and cabinet wares generally are made little, if at all, inferior to those of Europe. Their extent is such as to have admitted of considerable exportation.

An exemption from duty of the several kinds of wood

ordinarily used in these manufactures seems to be all that is requisite by way of encouragement. It is recommended by the consideration of a similar policy being pursued in other countries, and by the expediency of giving equal advantages to our own workmen in wood. The abundance of timber proper for ship-building in the United States does not appear to be any objection to it. The increasing scarcity and growing importance of that article in the European countries admonish the United States to commence and systematically to pursue measures for the preservation of their stock. Whatever may promote the regular establishment of magazines of ship timber is in various views desirable.

#### SKINS.

There are scarcely any manufactories of greater importance than of this article. Their direct and very happy influence upon agriculture, by promoting the raising of cattle of different kinds, is a very material recommendation.

It is pleasing, too, to observe the extensive progress they have made in their principal branches, which are so far matured as almost to defy foreign competition. Tanneries, in particular, are not only carried on as a regular business in numerous instances, and in various parts of the country, but they constitute, in some places, a valuable item of incidental family manufactures.

Representations, however, have been made, importing the expediency of further encouragement to the leather branch in two ways: one, by increasing the duty on the manufactures of it, which are imported; the other, by prohibiting the exportation of bark. In support of the latter it is alleged that the price of bark, chiefly in consequence of large exportations, has risen within a few years from about three dollars to four and an half per cord.

These suggestions are submitted rather as intimations which merit considerations, than as matters the propriety of which is manifest. It is not clear that an increase of duty is necessary ; and in regard to the prohibition desired, there is no evidence of any considerable exportation hitherto ; and it is most probable that whatever augmentation of price may have taken place is to be attributed to an extension of the home demand from the increase of manufactures, and to a decrease of the supply, in consequence of the progress of settlement, rather than to the quantities which have been exported.

It is mentioned, however, as an additional reason for the prohibition, that one species of the bark usually exported is in some sort peculiar to the country ; and the material of a very valuable dye, of great use in some other manufactures in which the United States have begun a competition.

There may also be this argument in favor of an increase of duty. The object is of importance enough to claim decisive encouragement ; and the progress which has been made leaves no room to apprehend any inconvenience on the score of supply from such an increase.

It would be of benefit to this branch, if glue, which is now rated at 5%, were made the object of an excluding duty. It is already made in large quantities at various tanneries ; and, like paper, is an entire economy of materials, which, if not manufactured, would be left to perish. It may be placed with advantage in the class of articles paying 15%.

#### GRAIN.

Manufactures of the several species of this article have a title to peculiar favor ; not only because they are most of them immediately connected with the subsistence of the citizens, but because they enlarge the demand for the most precious products of the soil.

Though flour may with propriety be noticed as a manufacture of grain, it were useless to do it, but for the purpose of submitting the expediency of a general system of inspection throughout the ports of the United States; which, if established upon proper principles, would be likely to improve the quality of our flour everywhere, and to raise its reputation in foreign markets. There are, however, considerations which stand in the way of such an arrangement.

Ardent spirits and malt liquors are, next to flour, the two principal manufactures of grain. The first has made a very extensive, the last a considerable progress in the United States. In respect to both, an exclusive possession of the home market ought to be secured to the domestic manufacturers, as fast as circumstances will admit. Nothing is more practicable, and nothing more desirable.

The existing laws of the United States have done much towards attaining this valuable object; but some additions to the present duties on foreign distilled spirits and foreign malt liquors, and perhaps an abatement of those on home-made spirits, would more effectually secure it; and there does not occur any very weighty objection to either.

An augmentation of the duties on imported spirits would favor as well the distillation of spirits from molasses as that from grain. And to secure to the nation the benefit of a manufacture, even of foreign materials, is always of great, though perhaps of secondary importance.

A strong impression prevails in the minds of those concerned in distilleries (including, too, the most candid and enlightened) that greater differences in the rates of duty on foreign and domestic spirits are necessary completely to secure the successful manufacture of the latter, and there are facts which entitle this impression to attention.

It is known that the price of molasses, for some years past, has been successively rising in the West India markets, owing partly to a competition which did not formerly exist, and partly to an extension of demand in this country; and it is evident that the late disturbances in those islands from which we draw our principal supply must so far interfere with the production of the article as to occasion a material enhancement of price. The destruction and devastation attendant on the insurrection in Hispaniola, in particular, must not only contribute very much to that effect, but may be expected to give it some duration. These circumstances and the duty of three cents per gallon on molasses may render it difficult for the distillers of that material to maintain, with adequate profit, a competition with the rum brought from the West Indies, the quality of which is so considerably superior.

The consumption of Geneva, or gin, in this country, is extensive. It is not long since distilleries of it have grown up among us to any importance. They are now becoming of consequence, but being still in their infancy, they require protection.

It is represented that the price of some of the materials is greater here than in Holland, from which place large quantities are brought; the price of labor considerably greater; the capitals engaged in the business there much larger than those which are employed here; the rate of profits at which the undertakers can afford to carry it on much less; the prejudices in favor of imported gin, strong. These circumstances are alleged to outweigh the charges which attend the bringing of the article from Europe to the United States, and the present difference of duty, so as to obstruct the prosecution of the manufacture with due advantage.

Experiment could, perhaps, alone decide with certainty the justness of the suggestions which are made;

but in relation to branches of manufacture so important, it would seem inexpedient to hazard an unfavorable issue, and better to err on the side of too great than of too small a difference in the particular in question.

It is therefore submitted, that an addition of two cents per gallon be made to the duty on imported spirits of the first class of proof, with a proportionable increase on those of higher proof; and that a deduction of one cent per gallon be made from the duty on spirits distilled within the United States, beginning with the first class of proof, and a proportionable deduction from the duty on those of higher proof.

It is ascertained, that by far the greatest part of the malt liquors consumed in the United States is the produce of domestic breweries. It is desirable, and in all likelihood attainable, that the whole consumption should be supplied by ourselves.

The malt liquors made at home, though inferior to the best, are equal to a great part of those which have been usually imported. The progress already made is an earnest of what may be accomplished. The growing competition is an assurance of improvement. This will be accelerated by measures tending to invite a greater capital into this channel of employment.

To render the encouragement of domestic breweries decisive, it may be advisable to substitute to the present rates of duty eight cents per gallon generally; and it will deserve to be considered as a guard against invasions, whether there ought not to be a prohibition of their importation except in casks of considerable capacity. It is to be hoped that such a duty would banish from the market foreign malt liquors of inferior quality; and that the best kind only would continue to be imported, till it should be supplanted by the efforts of equal skill or care at home.

Till that period the importation so qualified would be

an useful stimulus to improvement ; and in the mean time the payment of the increased price for the enjoyment of a luxury, in order to the encouragement of a most useful branch of domestic industry, could not reasonably be deemed a hardship.

As a further aid to manufactures of grain, though upon a smaller scale, the articles of starch, hair-powder and wafers may with great propriety be placed among those which are rated at fifteen per cent. No manufactures are more simple nor more completely within the reach of a full supply from domestic sources ; and it is a policy, as common as it is obvious, to make them the objects either of prohibitory duties or of express prohibition.

#### FLAX AND HEMP.

Manufactures of these articles have so much affinity to each other, and they are so often blended, that they may with advantage be considered in conjunction. The importance of the linen branch to agriculture ; its precious effects upon household industry ; the ease with which the materials can be produced at home to any requisite extent ; the great advances which have been already made in the coarser fabrics of them, especially in the family way, — constitute claims of peculiar force to the patronage of government.

This patronage may be afforded in various ways : by promoting the growth of the materials ; by increasing the impediments to an advantageous competition of rival foreign articles ; by direct bounties or premiums upon the home manufacture.

First. As to promoting the growth of the materials.

In respect to hemp, something has been already done by the high duty upon foreign hemp. If the facilities for domestic production were not unusually great, the policy of the duty on the foreign raw material would be highly questionable, as interfering with the growth of

manufactures of it. But making the proper allowance for those facilities, and with an eye to the future and natural progress of the country, the measure does not appear upon the whole exceptionable.

A strong wish naturally suggests itself, that some method could be devised of affording a more direct encouragement to the growth both of flax and hemp; such as would be effectual and at the same time not attended with too great inconveniences. To this end, bounties and premiums offer themselves to consideration; but no modification of them has yet occurred which would not either hazard too much expense, or operate unequally in reference to the circumstances of different parts of the Union, and which would not be attended with very great difficulties in the execution.

Secondly. As to increasing the impediments to an advantageous competition of rival foreign articles.

To this purpose, an augmentation of the duties on importation is the obvious expedient; which, in regard to certain articles, appears to be recommended by sufficient reasons.

The principal of these articles is sail-cloth; one intimately connected with navigation and defense; and of which a flourishing manufactory is established at Boston, and very promising ones at several other places.

It is presumed to be both safe and advisable to place this in the class of articles rated at ten per cent. A strong reason for it results from the consideration that a bounty of two pence sterling per ell is allowed in Great Britain upon the exportation of the sail-cloth manufactured in that kingdom.

It would likewise appear to be good policy to raise the duty to 7½% on the following articles: drillings, osnaburgh, ticklenburghs, dowlas, canvas, brown rolls, bagging, and upon all other linens the first cost of which at the place of exportation does not exceed 35 cents per



yard. A bounty of  $12\frac{1}{2}\%$  upon an average, on the exportation of such or similar linens from Great Britain, encourages the manufacture of them in that country, and increases the obstacles to a successful competition in the countries to which they are sent.

The quantities of tow and other household linens manufactured in different parts of the United States, and the expectations which are derived from some late experiments, of being able to extend the use of labor-saving machines in the coarser fabrics of linen, obviate the danger of inconvenience from an increase of the duty upon such articles, and authorize a hope of speedy and complete success to the endeavors which may be used for procuring an internal supply.

Thirdly. As to direct bounties or premiums upon the manufactured articles.

To afford more effectual encouragement to the manufacture, and at the same time to promote the cheapness of the article for the benefit of navigation, it will be of great use to allow a bounty of two cents per yard on all sail-cloth which is made in the United States from materials of their own growth. This would also assist the culture of those materials. An encouragement of this kind, if adopted, ought to be established for a moderate term of years, to invite to new undertakings, and to an extension of the old. This is an article of importance enough to warrant the employment of extraordinary means in its favor.

#### COTTON.

There is something in the texture of this material which adapts it in a peculiar degree to the application of machines. The signal utility of the mill for spinning of cotton, not long since invented in England, has been noticed in another place; but there are other machines scarcely inferior in utility, which, in the differ-

ent manufactories of this article, are employed either exclusively or with more than ordinary effect. This very important circumstance recommends the fabrics of cotton in a more particular manner to a country in which a defect of hands constitutes the greatest obstacle to success.

The variety and extent of the uses to which the manufactures of this article are applicable is another powerful argument in their favor.

And the faculty of the United States to produce the raw material in abundance and of a quality which, though alleged to be inferior to some that is produced in other quarters, is nevertheless capable of being used with advantage in many fabrics, and is probably susceptible of being carried by a more experienced culture to much greater perfection, suggests an additional and a very cogent inducement to the vigorous pursuit of the cotton branch in its several subdivisions.

How much has been already done has been stated in a preceding part of this report.

In addition to this, it may be announced that a society is forming with a capital which is expected to be extended to at least half a million of dollars, on behalf of which measures are already in train for prosecuting, on a large scale, the making and printing of cotton goods.

These circumstances conspire to indicate the expediency of removing any obstructions which may happen to exist to the advantageous prosecution of the manufactories in question, and of adding such encouragements as may appear necessary and proper.

The present duty of three cents per pound on the foreign raw material is undoubtedly a very serious impediment to the progress of those manufactories.

The injurious tendency of similar duties, either prior to the establishment or in the infancy of the domestic

manufacture of the article, as it regards the manufacture, and their worse than inutility in relation to the home production of the material itself have been anticipated, particularly in discussing the subject of pecuniary bounties.

Cotton has not the same pretensions with hemp to form an exception to the general rule.

Not being, like hemp, an universal production of the country, it affords less assurance of an adequate internal supply; but the chief objection arises from the doubts which are entertained concerning the quality of the national cotton. It is alleged that the fibre of it is considerably shorter and weaker than that of some other places; and it has been observed, as a general rule, that the nearer the place of growth to the equator, the better the quality of the cotton. That which comes from Cayenne, Surinam, and Demarara is said to be preferable, even at a material difference of price, to the cotton of the islands.

While a hope may reasonably be indulged that, with due care and attention, the national cotton may be made to approach nearer than it now does to that of regions somewhat more favored by climate; and while facts authorize an opinion that very great use may be made of it, and that it is a resource which gives greater security to the cotton fabrics of this country than can be enjoyed by any which depends wholly on external supply, it will certainly be wise in every view to let our infant manufactures have the full benefit of the best materials on the cheapest terms. It is obvious that the necessity of having such materials is proportioned to the unskillfulness and inexperience of the workmen employed, who, if inexperienced, will not fail to commit great waste where the materials they are to work with are of an indifferent kind.

To secure to the national manufacturers so essential

an advantage, a repeal of the present duty on imported cotton is indispensable.

A substitute for this, far more encouraging to domestic production, will be to grant a bounty on the national cotton when wrought at a home manufactory, to which a bounty on the exportation of it may be added. Either, or both, would do much more towards promoting the growth of the article than the merely nominal encouragement which it is proposed to abolish. The first would also have a direct influence in encouraging the manufacture.

The bounty which has been mentioned as existing in Great Britain upon the exportation of coarse linens not exceeding a certain value applies also to certain descriptions of cotton goods of similar value.

This furnishes an additional argument for allowing to the national manufacturers the species of encouragement just suggested, and indeed for adding some other aid.

One cent per yard, not less than of a given width, on all goods of cotton, or of cotton and linen mixed, which are manufactured in the United States, with the addition of one cent per pound weight of the material if made of national cotton, would amount to an aid of considerable importance both to the production and to the manufacture of that valuable article. And it is conceived that the expense would be well justified by the magnitude of the object.

The printing and staining of cotton goods is known to be a distinct business from the fabrication of them. It is one easily accomplished, and which, as it adds materially to the value of the article in its white state, and prepares it for a variety of new uses, is of importance to be promoted.

As imported cottons, equally with those which are made at home, may be the objects of this manufacture,

it will merit consideration whether the whole or a part of the duty on the white goods ought not to be allowed to be drawn back in favor of those who print or stain them. This measure would certainly operate as a powerful encouragement to the business, and though it may in a degree counteract the original fabrication of the articles, it would probably more than compensate for this disadvantage in the rapid growth of a collateral branch which is of a nature sooner to attain to maturity. When a sufficient progress shall have been made, the drawback may be abrogated, and by that time the domestic supply of the articles to be printed or stained will have been extended.

If the duty of  $7\frac{1}{2}\%$  on certain kinds of cotton goods were extended to all goods of cotton, or of which it is the principal material, it would probably more than counterbalance the effect of the drawback proposed in relation to the fabrication of the article. And no material objection occurs to such an extension. The duty, then, considering all the circumstances which attend goods of this description, could not be deemed inconveniently high, and it may be inferred from various causes that the prices of them would still continue moderate.

Manufactories of cotton goods not long since established at Beverly, in Massachusetts, and at Providence, in the State of Rhode Island, and conducted with a perseverance corresponding with the patriotic motives which began them, seem to have overcome the first obstacles to success, — producing corduroys, velverets, fustians, jeans, and other similar articles, of a quality which will bear a comparison with the like articles brought from Manchester. The one at Providence has the merit of being the first in introducing into the United States the celebrated cotton mill, which not only furnishes materials for that manufactory itself but for

the supply of private families for household manufacture.

Other manufactories of the same material as regular businesses have also been begun at different places in the State of Connecticut, but all upon a smaller scale than those above mentioned. Some essays are also making in the printing and staining of cotton goods. There are several small establishments of this kind already on foot.

#### WOOL.

In a country the climate of which partakes of so considerable a proportion of winter as that of a great part of the United States, the woollen branch cannot be regarded as inferior to any which relates to the clothing of the inhabitants.

Household manufactures of this material are carried on in different parts of the United States to a very interesting extent, but there is only one branch which as a regular business can be said to have acquired maturity. This is the making of hats.

Hats of wool, and of wool mixed with fur, are made in large quantities in different States, and nothing seems wanting but an adequate supply of materials to render the manufacture commensurate with the demand.

A promising essay towards the fabrication of cloths, cassimeres and other woollen goods, is likewise going on at Hartford, in Connecticut. Specimens of the different kinds which are made, in the possession of the secretary, evince that these fabrics have attained a very considerable degree of perfection. Their quality certainly surpasses anything that could have been looked for in so short a time and under so great disadvantages, and conspires with the scantiness of the means which have been at the command of the directors to form the eulogium of that public spirit, perseverance and judgment which have been able to accomplish so much.

To cherish and bring to maturity this precious embryo must engage the most ardent wishes, and proportionable regret as far as the means of doing it may appear difficult or uncertain.

Measures which should tend to promote an abundant supply of wool of good quality would probably afford the most efficacious aid that present circumstances permit.

To encourage the raising and improving the breed of sheep at home would certainly be the most desirable expedient for that purpose; but it may not be alone sufficient, especially as it is yet a problem whether our wool be capable of such a degree of improvement as to render it fit for the finer fabrics.

Premiums would probably be found the best means of promoting the domestic, and bounties the foreign supply. The first may be within the compass of the institution hereafter to be submitted; the last would require a specific legislative provision. If any bounties are granted, they ought of course to be adjusted with an eye to quality as well as quantity.

A fund for this purpose may be derived from the addition of  $2\frac{1}{2}\%$  to the present rate of duty on carpets and carpeting, — an increase to which the nature of the articles suggests no objection, and which may at the same time furnish a motive the more to the fabrication of them at home, towards which some beginnings have been made.

#### SILK.

The production of this article is attended with great facility in most parts of the United States. Some pleasing essays are making in Connecticut as well towards that as towards the manufacture of what is produced. Stockings, handkerchiefs, ribbons and buttons are made, though as yet but in small quantities.

A manufactory of lace, upon a scale not very extensive, has been long memorable at Ipswich, in the State of Massachusetts.

An exemption of the material from the duty which it now pays on importation, and premiums upon the production to be dispensed under the direction of the institution before alluded to, seem to be the only species of encouragement advisable at so early a stage of the thing.

#### GLASS.

The materials for making glass are found everywhere. In the United States there is no deficiency of them. The sands and stones called tarso, which include flinty and crystalline substances generally, and the salts of various plants, particularly of the sea-weed kali, or kelp, constitute the essential ingredients. An extraordinary abundance of fuel is a particular advantage enjoyed by this country for such manufactures. They, however, require large capitals, and involve much manual labor.

Different manufactories of glass are now on foot in the United States. The present duty of 12½% on all imported articles of glass amounts to a considerable encouragement to those manufactories. If anything in addition is judged eligible, the most proper would appear to be a direct bounty on window-glass and black bottles.

The first recommends itself as an object of general convenience; the last adds to that character the circumstance of being an important item in breweries. A complaint is made of great deficiency in this respect.

#### GUNPOWDER.

No small progress has been of late made in the manufacture of this very important article. It may, indeed, be considered as already established, but its high importance renders its further extension very desirable.



The encouragements which it already enjoys are a duty of 10% on the foreign rival article, and an exemption of saltpetre, one of the principal ingredients of which it is composed, from duty. A like exemption of sulphur, another chief ingredient, would appear to be equally proper. No quantity of this article has yet been produced from internal sources. The use made of it in finishing the bottoms of ships is an additional inducement to placing it in the class of free goods. Regulations for the careful inspection of the article would have a favorable tendency.

#### PAPER.

Manufactories of paper are among those which are arrived at the greatest maturity in the United States, and are most adequate to national supply. That of paper-hangings is a branch in which respectable progress has been made.

Nothing material seems wanting to the further success of this valuable branch, which is already protected by a competent duty on similar imported articles.

In the enumeration of the several kinds made subject to that duty, sheathing and cartridge paper have been omitted. These being the most simple manufactures of the sort, and necessary to military supply, as well as ship-building, recommend themselves equally with those of other descriptions to encouragement, and appear to be as fully within the compass of domestic exertions.

#### PRINTED BOOKS.

The great number of presses disseminated throughout the Union seem to afford an assurance that there is no need of being indebted to foreign countries for the printing of the books which are used in the United States. A duty of 10% instead of 5%, which is now charged upon the article, would have a tendency to aid the business internally.

It occurs, as an objection to this, that it may have an unfavorable aspect towards literature by raising the prices of books in universal use in private families, schools, and other seminaries of learning. But the difference, it is conceived, would be without effect.

As to books which usually fill the libraries of the wealthier classes, and of professional men, such an augmentation of prices as might be occasioned by an additional duty of 5% would be too little felt to be an impediment to the acquisition.

And with regard to books which may be specially imported for the use of particular seminaries of learning, and of public libraries, a total exemption from duty would be advisable, which would go towards obviating the objection just mentioned. They are now subject to a duty of 5%.

As to the books in most general family use, the constancy and universality of the demand would insure exertions to furnish them at home, and the means are completely adequate. It may also be expected ultimately, in this as in other cases, that the extension of the domestic manufacture would conduce to the cheapness of the article.

It ought not to pass unremarked, that to encourage the printing of books is to encourage the manufacture of paper.

#### REFINED SUGARS AND CHOCOLATE

Are among the number of extensive and prosperous domestic manufactures.

Drawbacks of the duties upon the materials of which they are respectively made, in cases of exportation, would have a beneficial influence upon the manufacture, and would conform to a precedent which has been already furnished in the instance of molasses on the exportation of distilled spirits.

Cocoa:—the raw material now pays a duty of one cent per pound, while chocolate, which is a prevailing and very simple manufacture, is comprised in the mass of articles rated at no more than five per cent.

There would appear to be a propriety in encouraging the manufacture by a somewhat higher duty on its foreign rival than is paid on the raw material. Two cents per pound on imported chocolate would, it is presumed, be without inconvenience.

The foregoing heads comprise the most important of the several kinds of manufactures which have occurred as requiring and at the same time as most proper for public encouragement; and such measures for affording it, as have appeared best calculated to answer the end, have been suggested.

The observations which have accompanied this delineation of objects supersede the necessity of many supplementary remarks. One or two, however, may not be altogether superfluous.

Bounties are in various instances proposed as one species of encouragement.

It is a familiar objection to them that they are difficult to be managed and liable to frauds. But neither that difficulty nor this danger seems sufficiently great to countervail the advantages of which they are productive when rightly applied. And it is presumed to have been shown that they are in some cases, particularly in the infancy of new enterprises, indispensable.

It will however be necessary to guard with extraordinary circumspection the manner of dispensing them. The requisite precautions have been thought of, but to enter into the detail would swell this report, already voluminous, to a size too inconvenient.

If the principle shall not be deemed inadmissible, the means of avoiding an abuse of it will not be likely

to present insurmountable obstacles. There are useful guides from practice in other quarters.

It shall therefore only be remarked here in relation to this point, that any bounty which may be applied to the manufacture of an article cannot with safety extend beyond those manufactories at which the making of the article is a regular trade. It would be impossible to annex adequate precautions to a benefit of that nature, if extended to every private family in which the manufacture was incidentally carried on, and it being a merely incidental occupation which engages a portion of time that would otherwise be lost, it can be advantageously carried on without so special an aid.

The possibility of a diminution of the revenue may also present itself as an objection to the arrangements which have been submitted.

But there is no truth which may be more firmly relied upon than that the interests of the revenue are promoted by whatever promotes an increase of national industry and wealth.

In proportion to the degree of these is the capacity of every country to contribute to the public treasury; and where the capacity to pay is increased or even is not decreased, the only consequence of measures which diminish any particular resource is a change of the object. If by encouraging the manufacture of an article at home, the revenue which has been wont to accrue from its importation should be lessened, an indemnification can easily be found either out of the manufacture itself, or from some other object which may be deemed more convenient.

The measures, however, which have been submitted, taken aggregately, will for a long time to come rather augment than decrease the public revenue.

There is little room to hope that the progress of manufactures will so equally keep pace with the progress of

population as to prevent even a gradual augmentation of the product of the duties on imported articles.

As, nevertheless, an abolition in some instances and a reduction in others of duties which have been pledged for the public debt is proposed, it is essential that it should be accompanied with a competent substitute. In order to this, it is requisite that all the additional duties which shall be laid be appropriated, in the first instance, to replace all defalcations which may proceed from any such abolition or diminution. It is evident at first glance that they will not only be adequate to this but will yield a considerable surplus. This surplus will serve,

First. To constitute a fund for paying the bounties which have been decreed.

Secondly. To constitute a fund for the operations of a board to be established for promoting arts, agriculture, manufactures and commerce. Of this institution different intimations have been given in the course of this report. An outline of a plan for it shall now be submitted.

Let a certain annual sum be set apart and placed under the management of commissioners, not less than three, to consist of certain officers of the government and their successors in office.

Let these commissioners be empowered to apply the fund confided to them to defray the expenses of the emigration of artists and manufacturers in particular branches of extraordinary importance; to induce the prosecution and introduction of useful discoveries, inventions and improvements by proportionate rewards, judiciously held out and applied; to encourage by premiums, both honorable and lucrative, the exertions of individuals and of classes in relation to the several objects they are charged with promoting; and to afford such other aids to those objects as may be generally designated by law.

The commissioners to render to the legislature an annual account of their transactions and disbursements; and all such sums as shall not have been applied to the purposes of their trust, at the end of every three years to revert to the treasury. It may also be enjoined upon them not to draw out the money but for the purpose of some specific disbursement.

It may, moreover, be of use to authorize them to receive voluntary contributions, making it their duty to apply them to the particular objects for which they may have been made, if any shall have been designated by the donors.

There is reason to believe that the progress of particular manufactures has been much retarded by the want of skillful workmen, and it often happens that the capitals employed are not equal to the purposes of bringing from abroad workmen of a superior kind. Here, in cases worthy of it, the auxiliary agency of government would in all probability be useful. There are also valuable workmen in every branch who are prevented from emigrating solely by the want of means. Occasional aids to such persons, properly administered, might be a source of valuable acquisitions to the country.

The propriety of stimulating by rewards the invention and introduction of useful improvements, is admitted without difficulty. But the success of attempts in this way must evidently depend much on the manner of conducting them. It is probable that the placing of the dispensation of those rewards under some proper discretionary direction where they may be accompanied by collateral expedients will serve to give them the surest efficacy. It seems impracticable to apportion, by general rules, specific compensations for discoveries of unknown and disproportionate utility.

The great use which may be made of a fund of this

nature, to procure and import foreign improvements, is particularly obvious. Among these, the article of machines would form a most important item.

The operation and utility of premiums have been adverted to, together with the advantages which have resulted from their dispensation under the direction of certain public and private societies. Of this some experience has been had in the instance of the Pennsylvania Society for the promotion of manufactures and useful arts, but the funds of that association have been too contracted to produce more than a very small portion of the good to which the principles of it would have led. It may confidently be affirmed that there is scarcely anything which has been devised better calculated to excite a general spirit of improvement than the institutions of this nature. They are truly invaluable.

In countries where there is great private wealth, much may be effected by the voluntary contributions of patriotic individuals, but in a community situated like that of the United States, the public purse must supply the deficiency of private resource. In what can it be so useful as in promoting and improving the efforts of industry?

All of which is humbly submitted.

ALEXANDER HAMILTON,

*Secretary of the Treasury.*

MEMORIAL OF THE COMMITTEE OF THE  
FREE TRADE CONVENTION,

*Held at Philadelphia in September and October, 1831,  
remonstrating against the existing Tariff of Duties.*

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NEW YORK, 23d January, 1832.

SIR: — I have the honor to inclose the memorial of the committee appointed by the convention of delegates from several States, held at Philadelphia in September and October, 1831, for the purpose of preparing and presenting to Congress a memorial setting forth the evils of the existing tariff of duties, and asking such a modification of the same as shall be consistent with the purposes of revenue, and equal, in its operation, on the different parts of the United States, and on the various interests of the same.

I pray that the said memorial may be laid before the Senate; and have the honor to be,

With great respect, sir,

Your most obedient servant,

ALBERT GALLATIN,

*Chairman of the Committee.*

The HON. JOHN C. CALHOUN,  
*Vice-President of the United States,  
and President of the Senate.*



*To the Honorable the Senate and House of Representatives of the United States, in Congress assembled:—*

The memorial of the committee appointed for that purpose by the "Free Trade Convention," held at Philadelphia in September and October, 1831,

RESPECTFULLY SHOWS:—

That a convention of delegates appointed by public meetings in various States of the Union, for the purpose of coöperating, by constitutional and legal measures, in procuring the repeal of the restrictive system, was held at Philadelphia on the 30th of September, 1831, and continued in session till the 7th October ensuing; when a committee, consisting of one member from each State represented in the convention, was appointed for the purpose of preparing a memorial to Congress, setting forth the evils of the existing tariff of duties, and asking such a modification of the same as shall be consistent with the purposes of revenue, and equal in its operation on the different parts of the United States, and on the various interests of the same.

Acting under that appointment, your memorialists respectfully pray:—

1st. That the duties be so reduced, as to leave, after the extinguishment of the public debt, only that amount of revenue which may be necessary to meet the ordinary exigencies of Government.

2dly. That, allowing a reasonable time for a gradual reduction of the present exaggerated duties on some articles, the duties on all the imported articles not free of duty be ultimately equalized, so as that the duty on any such article shall not vary materially from the general average rate of all the duties together, or, in other words, from a uniform duty ad valorem on all imported articles subject to duty.

3dly. That wines, teas, coffee, and similar articles, be

not added to the list of those now free of duty, but may, on the contrary, be subject to duties corresponding, in proportion to their respective value, with those laid on other imported articles subject to duty.

It is hoped that no essential difference of opinion exists respecting the general reduction of the revenue.

As soon after the organization of the existing Government of the United States as a sufficient revenue had been provided, and the first difficulties which they had to encounter had been surmounted, Congress adopted the most efficient measures for the reimbursement of the debt necessarily incurred in asserting and securing the national independence. An annual appropriation of \$8,000,000, founded on a real excess of revenue beyond the current expenditures, had, in ten years, reduced the debt from \$97,000,000 (including therein the \$15,000,000 paid for Louisiana) to \$45,000,000, when the prospect of extinguishing the whole within six years was frustrated by the late war with Great Britain. After the restoration of peace, the whole of the public debt, including arrears afterwards paid or funded, and the subsequent payment of the Florida claims, exceeded, on the 1st of January, 1816, \$120,000,000. Congress, without delay, raised the annual appropriation for the debt to \$10,000,000, and provided a revenue sufficient not only for the payment of that sum, and for discharging the current expenses of Government, but also for the gradual increase of the means of defense by land and by sea, to the providing of which the former revenue was inadequate. At the end of sixteen years, during which the same measures have been unremittingly pursued, the public debt is accordingly reduced nominally to little more than \$24,000,000 — in fact, to less than \$17,000,000 — an equivalent for the difference being found in the bank shares, the property of the United States, which have been paid for during the same

period. The revenue which will be actually received, and that which will accrue in the course of the year 1832, will be sufficient to reimburse the whole of the \$24,000,000 still due. And, even without recurring to the bank shares owned by the United States, the existing duties may be reduced near \$12,000,000 from the 1st of January, 1832.

The people of the United States have constantly sustained their representatives in the measures necessary for the attainment of that great object. They have for more than thirty years cheerfully submitted to the burdens laid for that special purpose; and they are thus enabled to transmit, free of any incumbrance, to the growing generation, the glorious inheritance received from their fathers. But they have a right to expect that the burdens shall cease with the occasion for which they were laid, and that the intended reduction will be made in good faith, without reserve, and to the full extent of the sum which is no longer wanted.

The payments for the public debt have, during the ten years, 1821 to 1830, exceeded the annual appropriation of \$10,000,000. Including the payment of the Florida claims, the average annual payments, during the first five years, exceeded \$11,000,000; and they have, during the last five years, amounted to near \$11,400,000.

The average annual amount of all the other expenses of Government (deducting the repayment to the claimants of the sum paid by Great Britain into the Treasury for claims under the first article of the treaty of Ghent) has been, for the whole ten years, about \$11,600,000, viz., for the first five years less than \$10,500,000, and for the last five years more than \$12,500,000. Two years only, those expenses have exceeded \$13,000,000; in 1826, by about \$60,000, and, in 1830, by \$230,000. A net revenue of \$13,000,000 is therefore sufficient to meet, after the extinguishment of the debt, all the

exigencies of Government, according to the present scale of expenditure.

It is strictly just that all classes of citizens, and every section of the country, should share in the benefits arising from the reduction of the public burdens. That reduction ought to apply as well to the revenue arising from the public lands as to the duties on importation. Your memorialists do not pretend to suggest what, in their opinion, would be a proper reduction on each branch; but they had concluded, that, at all events, the necessary sum to be drawn from the impost would fall short of \$13,000,000. A different disposition of the public lands has been suggested by the Secretary of the Treasury. Unprepared for that proposal, and ignorant of the views on that subject entertained by those in whose behalf your memorialists now apply to your honorable body, they will abstain from giving an opinion on that question; and, in order to meet any plan which may be adopted in that respect, they will argue as if the whole revenue was to be exclusively drawn from the duties on importation. But they beg leave earnestly to remonstrate against any attempt to provide a permanent revenue of \$15,000,000, or exceeding the present rate of expenditure for other objects than the public debt.

A revenue derived from the same rate of duties on importation will in the United States gradually increase, though in a much slower ratio than the population. The average annual gross revenue on merchandise amounted, during the years 1821 to 1825, to \$20,250,000; and during the years 1826 to 1830, to \$23,130,000, showing an increase of about 14% within five years. But as the rate of duties was altered by the tariffs of 1824 and 1828, a more correct criterion of the increase may perhaps be found in the comparative value of the domestic exports, with which the importations are

paid, and which, during the same period, have increased about 6%, or at the rate of about 1% a year. Moderate duties will also, as they always do, produce a greater proportionate revenue than when raised to an extravagant rate. The saving alone in the expenses of collection would defray, within a short time, all the expense necessary for building custom-houses and giving adequate salaries to the officers who may not be sufficiently remunerated. For, to the tariff of 1828, and to its system of minimums alone, can be ascribed the great increase in the expenses of collection between the years 1828 and 1830. The gross revenue on customs amounted, in 1828, to \$25,846,000, and those expenses to \$869,000; the gross revenue of 1830 to \$23,720,000, and the expenses to \$1,024,000, or to 4.31% instead of 3.38% on the revenue.

The revolutionary pensions will also be gradually diminished; and, considering the great increase of the current expenditure during the last five years, a well founded hope is entertained that this may be lessened, without any injury to the public service, by a strict adherence to the specific appropriations made by law, improved order and regularity in the superintendence of every branch of expenditure, constant vigilance in checking abuses, and a proper discrimination between just and unfounded claims.

Your memorialists wish it to be distinctly understood that they ask only for a wise and skillful economy, and not for a retrenchment of any of the expenses necessary for the defense of the country, or for any object calculated to promote its prosperity, which is embraced in the legitimate powers of the General Government. They will only observe that the average annual amount of expenses of the years 1829, 1830, for all other objects than the public debt, falls short of \$13,000,000; out of which the annual average expenditure for the progress

and accumulation of the means of defense, including the increase of the navy, fortifications, ordnance, and materials, has amounted to \$1,575,000, and that for internal improvements of every description, and in every quarter, to \$1,275,000. It is obvious that the expense under the first head is, from its nature, definite; and that, after the intended fortifications and public ships shall have been completed, and the necessary stock of arms, ordnance, and every species of materials, either for the land or sea service, been provided, the expense will be reduced to that of repairs and keeping up the stock. If, in the meanwhile, the existing annual appropriations for those great objects should be deemed inadequate; if an earlier completion of any or all of them is desirable, an additional revenue for that purpose can only be wanted for a short time, and will be supplied by the surplus arising from the gradual, instead of an immediate, reduction of the high existing duties.

For the clearer understanding of the object they have in view, and of the effect of the measures which they solicit, on the several interests of the country, it is necessary in the first instance to form at least an approximate estimate of the average rate of duty, which, if levied equally on all the imports now subject to duty, would produce a nett annual revenue of \$13,000,000, equivalent to a gross revenue, including the expenses of collection, of about \$13,600,000.

The average annual value of foreign merchandise, subject to duty, consumed in the United States during the six years, 1825 to 1830, is, according to the official "statements of the commerce and navigation," \$54,664,000. The reëxportations of foreign articles paying specific duties are, however, overrated in those statements (probably from having been, in most cases, estimated at *long prices*, that is to say, including the duty) by a sum amounting to about \$1,650,000 a year. And the articles

paying duties *ad valorem*, which are imported from Great Britain and Ireland, being valued at the rate of 4s. 6d. sterling per dollar, are underrated by a sum amounting, after deducting the reëxportations, to about \$1,345,000 a year. The actual annual consumption for those six years may therefore be estimated at about \$57,500,000. As there are goods, not entitled to drawback, exported to an amount of \$800,000 or \$900,000 a year, on which the duty is paid, although they are not consumed in the United States, an average duty of 25% will commonly produce \$200,000 more than the estimate. Judging from analogy, the imports will, with the growth of the country, continue also gradually, though slowly, to increase. The estimate of the gross revenue at \$13,500,000, and of the value of imported articles paying duty at \$57,500,000, will therefore produce a net revenue exceeding \$13,000,000; and that estimate gives, for the required average or uniform duty *ad valorem*, near 23½% actual, or less than 21½% nominal duty. For it will be recollected that, on account of the addition to the prime cost of 10% or 20%, according to the place whence imported, a nominal duty of 20% is, in fact, one of 24% on goods imported from countries beyond the Cape of Good Hope, and of 22% on goods imported from other places.

According to the same premises, the average duty required to produce a nett revenue of \$13,000,000 would amount to near 27%, if wines, teas, coffee, cocoa, spices, and fruits were exempted from duty. A nett revenue of \$15,000,000 would require, in that case, an average duty of 31% and of 27%, if those articles were subject to the same duty as every other import. The present average duty, calculated on the average revenue derived from customs, during the same period of six years, will be found to exceed 40%.

As a difference of 3% or 4% in the rate of an aver-

age duty, or of the aggregate of duties, would on near \$60,000,000 of taxed imports produce a difference of \$2,000,000 in the revenue, the attention of Congress will, under any modification of the tariff that may be adopted, be necessarily drawn to that subject. A thorough investigation will lead to much more correct results than those which are now presented. But this rough estimate is sufficient for our principal purpose. An error of even 5% in the rate becomes almost unimportant, when contending against duties of 50% and more than 100%.

Your memorialists are aware that, even for the purposes of revenue, a strict adherence, in every instance, to a uniform rate of duty would be attended with great inconvenience. There is propriety in taxing articles of luxury in preference to those more generally used by the less wealthy classes of society. Yet it is found necessary to lessen the duty on watches, jewelry, thread lace, and other articles, which from their great value in a small bulk may with facility be fraudulently imported.

Considerations of a higher nature may render a great reduction of the duties on spirits improper. An exception has always been admitted with respect to articles necessary for the defense of the country. When asking for a uniform duty which, whether specific or laid ad valorem, shall not exceed the rate of 20% to 25%, as sufficient for the purposes of revenue, your memorialists submit the proposition as a general principle. But, whilst admitting that duties not exceeding in the aggregate the amount thus required may be arranged as the necessary exceptions to the general rule shall require, they contend that any considerable variation from the average rate, for the purpose of favoring special branches, is injurious to American industry, attended with certain national loss, unequal and oppressive in its operation, both with regard to the several



classes of society and to the several sections of the country.

We are not called upon to discuss the abstract question whether another mode of taxation would be more eligible than the impost, or whether an unrestrained intercourse between all nations, free of the payment of any duties on imports, would be best calculated to promote the industry and prosperity of all. On that subject the experience of forty years is conclusive, so far as relates to the United States. The people prefer, in time of peace, duties raised on the importation of foreign merchandise to any internal tax, direct or indirect. Whether for good or for evil, that system affords an encouragement to domestic manufactures not less efficient for being incidental. Duties on imports, amounting on an average to about 20% on the value, appear necessary to the support of Government. Although they may, to that extent, by diverting national industry from its natural channels, render it less productive; although they may, to that extent, lay a tax on the consumers in addition to that which is paid to Government; although they operate unequally on different sections of the country; all your memorialists ask is, that the evil shall not be aggravated by an inequality in the rates of duty. The question then at issue is, simply, whether the amount wanted shall be so raised as to fall equally upon all the consumers, or, in other words, on the community, and so as to encourage equally every branch of industry, or whether certain branches shall receive special protection by high and sometimes prohibitory duties.

Whether taxes are laid on income or on consumption, it is equally the duty of a government founded in justice to lay them equally on all, in proportion, as the case may be, to the income or the consumption. Were there no taxes of the latter description, every part of

the country, and every class of society, would be left at liberty to supply its wants on the cheapest terms, and to pursue that branch of industry for which each was best fitted. If a tax, equivalent to an average duty of 20% (or at any other rate) on all foreign commodities becomes necessary for the support of Government, and is laid at an equal and uniform rate on all such commodities, all the sections of the country, classes of society, and individuals, are left as far as practicable in the same relative situation as before. But any law materially varying the rate on any of the taxed articles will in some respect change that relative situation, and to an extent proportionate to the change render the burden of the tax unequal. An alteration which thus deranges the natural order of things should at least be productive of an adequate and indisputable advantage to the community. Higher duties on luxuries than on articles generally, and in some cases exclusively, used by the less wealthy classes of society, are justified by the propriety of laying a heavier burden on those who are the best able to bear it. The domestic manufacture of a sufficient stock of arms, by Government or by contract, at a much higher price than they could be procured abroad may be necessary, in order to secure at all times a supply of those indispensable means of defense. Raw materials are admitted free of duty, because they are not, in that state, immediate objects of consumption; but necessary for the production of commodities to which the national industry may be advantageously applied. The presumed advantages of the restrictive system should be equally palpable and clearly demonstrated: the burden of the proof lies altogether on its advocates.

Let it, however, be recollected that even the general benefit arising to the country at large may not always be a sufficient justification of great and important deviations

from the equal and uniform system of taxation. A government which acknowledges the principle that no individual can be divested of his property for public purposes without indemnity cannot claim the right to do that indirectly which it is forbidden to do directly. A system calculated to lay permanent burdens, greatly unequal and oppressive, on some classes of society, or on a particular section of the country, would be radically unjust and altogether indefensible, even though it might be attended with some advantages to the community considered as a whole. But whether such advantages are in fact realized; whether, on any supposition, they ever can produce a profit equal to the actual national loss arising even from the indispensable duty of 20% to 25%, must be first examined.

It is self-evident that the industry of a country is most profitably employed, or, in other words, that a country acquires the greatest wealth, and its general prosperity is most advanced, in proportion as its capital and labor are most productive.

It is not less obvious that, if a given amount of capital and labor produces in the same time a less quantity of a certain commodity than could have been purchased with that quantity of another article which might have been produced in the same time by the same amount of capital and labor, there has been a misapplication of such capital and labor, and a national loss equal to the difference between the quantity produced and that which might have been purchased with the proceeds of the same capital and labor otherwise applied.

If the price at which a commodity can be afforded by the person who undertakes to produce it is higher than that at which it may be or might have been purchased from others, the difference of price is the measure of the national loss incurred by his misapplication of capital and labor to the production of that commodity.

With one thousand bushels of wheat, worth \$1 a bushel, one thousand yards of cloth of a certain quality may be purchased. If the capital and labor employed, or which might be employed, in producing the thousand bushels of wheat, do, when applied to the production of similar cloth, produce in the same time one thousand yards, there is neither comparative gain or loss in that application of capital and labor. But, if thus applied, it produces only eight hundred yards, there is an actual national loss of two hundred yards, equal to \$200 or to two hundred bushels of wheat, since the same labor and capital, if applied to the production of wheat, would have produced one thousand bushels, with which one thousand yards of the cloth might have been purchased.

There is not the slightest difference in the result, whether the cloth, which might have been thus purchased at \$1 a yard, was manufactured in the same district where the unfortunate new undertaker resided, or whether it was imported, either from another district of the same country or from a foreign country. In either case, it is again self-evident that the national loss is precisely the same.

If the new manufacturer (making a reasonable profit) can afford to sell his cloth at \$1 a yard, it is a proof that there has been no misapplication of capital and labor, and neither comparative gain or loss, in having produced cloth instead of wheat. But if he cannot afford without loss to sell the cloth for less than \$1.25 a yard; if he cannot (making a reasonable profit) afford to sell eight hundred yards for less than \$1,000; it is certain that the same capital and labor, which might have been applied in producing one thousand bushels of wheat, with which one thousand yards of the cloth might have been purchased, has within the same time produced but eight hundred yards, and that a national loss equivalent to \$200, or to two hundred bushels of

wheat, has been incurred by this misapplication of the national industry.

The difference between the price at which a manufacturer can afford to sell the whole amount of the commodities produced by him in one year, and that at which the same quantity of the same articles may be, or might have been, purchased from others, is therefore equal to the annual national profit or loss resulting from his application of capital and labor to that instead of any other branch of industry.

When the new manufacturer has to compete with others of the same country, or, if there is no duty on imports, with foreign manufacturers, as it is impossible for him to sell cloth of the same quality at a higher price than it can be obtained from others, the loss must necessarily fall on him. This is not the less a public loss on that account. On whomsoever this may fall, a diminution of the quantity or exchangeable value of the commodities which, with the same capital and labor otherwise applied, might have been produced is so much retrenched from what would otherwise have been an accumulation of capital or national wealth.

Although there may be occasional rash undertakings, it is also an indisputable truth, that the immense majority, even of this most enterprising nation, pursues only such branches of industry as are attended with profit. The losing manufacturer, having discovered his error, would not, if let alone, persevere in ruining himself; and such abortive attempts, abandoned in time, would on the whole produce but a comparatively small loss to the community. It happens quite otherwise when from any peculiar circumstances the legislature is unfortunately induced to interfere in the pursuits of industry, instead of confining its care to that of providing by wise laws for the security and equal protection of the personal rights and property of every individual.

If the competition is with foreign merchandise, and the legislature lays on this a duty of 25% ad valorem, the importer cannot afford the cloth which he previously sold at \$1 for a price less than \$1.25 a yard. The manufacturer at home is thus enabled to sell his at the same price, and by obtaining \$1,000 for the eight hundred yards, to receive the same reasonable profit as at the time may generally be derived from the application of capital and labor in similar pursuits. Since the duty in this instance is not prohibitory, the cloth of that quality which is wanted for the consumption of the country will be supplied in part by the foreign importers and partly by the home manufacturers. On the whole amount, whether foreign or domestic, the consumer will be obliged, so long as there is no general reduction of price, to pay 25% more than formerly. The amount of the additional price thus paid for the foreign cloth being paid by the importer into the Treasury, is only an additional tax, which, as it relieves from the payment of some other tax otherwise necessary, cannot be considered as an actual loss to the community. The additional price paid on the domestic cloth is equally a burden on the consumer, but being paid not to government but to the manufacturer is an actual national loss. The same loss is incurred in the manufacture of the cloth as if the duty had not been laid; and its only effect is to transfer that loss from the manufacturer to the consumer.

The duty may not always be laid so as to be nearly equal to the difference between the price at which the domestic manufacture can be afforded and that at which a similar foreign article might have been previously purchased.

If the duty is much less than that difference, it is only a fiscal measure, and does not enable the manufacturer to carry on his business. All the cloth of the

quality on which the duty is laid will still be imported from abroad, but the additional price at which it is sold is only a tax on the consumer, and being paid to the Government does not amount to a national loss.

If the duty is much greater than that difference, as the domestic article can be manufactured at a price less than the aggregate of the duty and of the price at which the same foreign article might have been purchased previous to the duty, the price will probably be reduced by domestic competition to that at which it can be manufactured and afforded with the ordinary rate of profit. The duty becomes then prohibitory; the whole amount consumed is of domestic manufacture; the consumer still pays the whole amount of the difference between that at which that manufacture can be afforded and that at which the similar foreign article might have been previously purchased, and as no portion is paid into the public Treasury, the whole of that amount is a public loss.

In every case the difference between the former price and that at which the domestic manufacture can be sold with a reasonable profit is to the whole extent of that manufacture a loss to the community. That difference is equal, or nearly equal, on each yard of cloth, to the duty laid on a yard of the similar foreign article, whenever that duty is not too high to prevent partial foreign importations: it is less per yard than the duty, when this is higher than is necessary for the encouragement of the domestic manufacture, and becomes prohibitory; but in this case, the whole amount consumed being of domestic manufacture, the aggregate public loss is greater than when the duty admitted is of foreign competition.

It may be urged that these evils are compensated by extraneous advantages which may accrue to the country from the establishment of manufactures; and as those

cannot be indefinite, they should be compared with the national loss which necessarily flows from the restrictive system. It may also be asserted that the price at which the domestic manufacture may be afforded will be lessened by domestic competition, as so that it may not ultimately exceed that at which similar foreign articles might have been previously purchased; and that assertion deserves serious attention. But it cannot be denied that until the price is thus reduced, or unless there are extraneous advantages which compensate the difference between the former and the new artificial price, that difference is in the first instance a national loss, arising from what is for the time a misapplication of capital and labor. For, in order to disprove that position, it would be necessary to show that there is in the country a surplus amount of capital and labor which cannot be more profitably employed.

That there is a sufficient amount of capital and labor applicable to manufactures without withdrawing any that was previously actually employed in agriculture, commerce, or mechanical pursuits, is generally true. For though there may be in certain parts of the country instances of that kind, yet considered as a whole, there is not, notwithstanding the numerous recent manufacturing establishments, any diminution in the agriculture, foreign commerce, or domestic exports of the country. Nor is it necessary, in order to explain this state of things, to recur either to an imaginary dormant capital, or to a pretended creation of capitals by banks, or by legislative acts.

The five periodical enumerations of the inhabitants of the United States show a uniform, and not yet diminished increase of population at the rate of near 3% a year. That population which, eighteen months ago, amounted according to the census to 12,856,000, exceeds at this time 13,400,000 souls. The increase



is already at the rate of near 400,000 a year. Every year adds 150,000 able-bodied men to the labor of the country. The whole of that population is most enterprising and intelligent, and a great majority engaged in active and profitable pursuits, and continuing to make large annual additions to the capital of the country. Their energy and skill more than compensate the losses arising from an erroneous course of policy, notwithstanding which, and not through which, the prosperity of the country is rapidly increasing. This additional capital and this additional labor are annually applied, the greater part to agriculture, the necessary portion to commerce, the residue to mechanic arts and manufacturing industry.

But the whole of that additional capital and labor would, if there was no legislative interference, be employed in remunerating pursuits; and it is not true that any portion must necessarily be applied to those particular branches which, if not sustained by artificial means, could not, it is asserted, be carried on at all. The duty which enables the manufacturer of commodities of that description to sell his eight hundred yards of cloth for \$1,000 instead of \$800, does not enable him to produce one thousand yards with the same capital and labor. In order to show that this difference of two hundred yards or dollars is not in the first instance a national loss, it must be demonstrated that the capital and labor thus employed could not have been more advantageously applied in any other branch open to American industry at the very time when, if applied to any unprotected branch whatever, no such loss was experienced.

A state of society may indeed exist, where, owing either to a superabundant population, to over taxation, to a great inequality in the distribution of wealth or in the means of acquiring it, or to any other natural or

artificial cause, a portion of an industrious population may occasionally or at all times be in actual want of employment. Of a country thus situated, it may be said that it contains a capability of labor beyond that actually put forth. The symptoms of such a state of things are sufficiently visible; workmen discharged or with reduced wages, asking employment and food, and poor rates given to able-bodied men as a supplement to their insufficient salary. We may understand how in that case a new manufacture — some new channels opened to the national industry — would, by giving employment to the laborer, bring into action an additional amount of labor.

There may also be countries favored with a more genial climate, where the wants being few, and the absolute necessary means of subsistence earned with less labor, long continued misgovernment has created deeply rooted habits of indolence. And such countries may also be said to have a dormant power of labor which a free and wise government might stimulate and put in motion.

The situation of the United States is the very reverse in both respects. The existing rates of wages stimulate industry with a greater force than in any other country; and, as a natural consequence, there is not on the face of the globe a nation encumbered with less indolence or idleness; a population more active, industrious, and, we believe, more productive. This will continue "so long as the cheapness of unimproved land shall offer a certain employment to labor, and so long as the constitution remains free as it is." If the restrictionists can find a more powerful cause, some more efficient means to stimulate labor, and render American industry more productive and profitable, it will be a great and glorious discovery. For if it may perhaps be admitted that the national progress in acquiring wealth may be

tested by the general rate of profits, there can be no doubt, and the most conspicuous illustration of the fact is found in the situation of the United States compared with that of every other country, that the greatest mass of comfort and happiness is always found where the remuneration of labor is the highest. Should this prove to be one of the obstacles to the establishment of some manufactures, we nevertheless pray that it may long so continue.

It is impossible that the state of the country should have been such as that its capital and labor could not have been more advantageously applied than to branches of industry which, left to themselves, were attended with actual loss, without a corresponding great and sensible diminution in the demand for capital and the wages of labor, neither of which has been felt. So long as those wages suffer no diminution, and so long as those employed in commercial and even agricultural pursuits continue to borrow large capitals at the rate of 6% a year, it is clear proof that those pursuits afford profits at least equal to that rate of interest, and that an application of capital and labor to the production of objects on which, if not artificially protected, a loss is experienced, is not at all necessary.

That by multiplying in any country the channels of domestic industry, a greater scope is given to its application, a market more diversified and less liable to be glutted procured to its products, and a larger field opened to every species of skill and talent, is undubitably true. But to direct that industry to unprofitable pursuits which cannot be sustained without exaggerated duties paid by the consumer, and a corresponding national loss, does not open new channels of productive industry, but only diverts it from profitable to unprofitable pursuits to the community. It is truly remarkable that the advocates of the restrictive system should pre-

tend to consider your memorialists as wild theorists, when there cannot be a plainer matter of fact than that if a man pays two dollars more for his coat, his plough, or the implements of his trade, it is a loss to him, which he must pay out of the proceeds of his industry, and that the aggregate of those individual losses is an actual national loss.

If there are any extraneous or collateral advantages arising to the community from the extraordinary protection given to certain special branches of industry, they must be found either in the profits of those employed in those branches, or in the greater productiveness of the labor employed, or in the indirect impulse given to other branches, and in the enhanced value of other products of domestic industry.

It must, in the first place, be observed that we are now examining the loss of the community arising from the difference between the price at which the domestic commodity can be afforded and that at which the similar foreign article might have been obtained. The price at which the domestic commodity may be afforded is the final result of the whole growing or manufacturing process; and as it embraces all the profits made and the wages earned, it necessarily includes every extra profit from whatever cause arising, and particularly that which may be due to any increase of the wages earned by labor or to any diminution of expense derived from any new or more advantageous application of labor. It cannot therefore be said that any presumed collateral advantages derived from any extra profits on the capital, or from any greater productiveness of the labor actually employed in the manufacture of the domestic article, in any degree compensate the loss arising from the difference between the former and the new artificial price.

If, however, the profits of the manufacturers are, by reason of the high duties laid in their favor, greater

- than the average profits in other pursuits, it is a simple transfer to them of the consumer's property, a flagrant injustice which should, independent of any consideration of a general nature, be immediately corrected by a sufficient reduction of the duty. But although there are exceptions, perhaps more in the case of raw materials than in that of manufactures, it is believed that where there is no monopoly against domestic competition this will be sufficient, ultimately, to reduce the profits of any particular pursuit to its proportionate rate, as compared according to its nature with the profits of other branches of domestic industry.

We are told in reference to the labor employed that the restrictive system is intended and calculated to bring into action a quantity of labor beyond what was previously actually put forth. That immediately employed in the protected branches is shown by the result to be, on the contrary, generally less productive than if applied to other pursuits. Yet there is an exception which in some branches seems to alleviate the evil. The female labor employed in the cotton and woollen manufactures appears from the rate of their wages to be more productive than if applied to the ordinary occupation of women.

It may, therefore, be alleged that the fund out of which they were previously supported (generally the proceeds of the industry of their parents) being thus set free, a greater portion may be accumulated and annually added to the capital or wealth of the country. Or to take another view of the subject: if the labor of one hundred men was necessary to produce a given value of exchangeable commodities, and if that of twenty men and of one hundred and twenty women, whose labor was not previously more productive than that of forty men, may, in a certain manufacture, be substituted to that of the hundred men, and produce an

equal value, an additional quantity of productive labor, equal to that of forty men, is put in motion by the manufacture. This additional labor may seem to require a proportionate additional capital to be rendered productive; but whilst there remains a sufficient quantity of rich uncultivated land, there never can be any difficulty in finding remunerating employment for labor.

The actual number of women thus employed cannot be ascertained; but this is less important for the purpose in view than the ratio of the additional labor thus gained by the country to the value of the products of both branches; and of this an approximate estimate may be made. Their wages vary from \$2 to \$3 a week; and to estimate the difference between this and what might be earned in their usual occupations at \$1½ a week, or \$78 a year, is certainly a large allowance. It appears from an authentic statement that in a flourishing cotton manufactory at Lowell, Massachusetts, where the annual sales amount to \$210,000, there are twenty men and one hundred and eighty women employed. The surplus product obtained by the labor of these, beyond what it would otherwise have been, amounts, therefore, to \$14,000, or to 6½% of the annual amount of sales. The ratio as deduced in the same manner from the minutes of evidence taken in 1828 by the Committee on Manufactures of the amount of the annual sales and the number and wages of women employed in the Taft, Shepherd, Wolcott, and Pierce's woollen manufactories is 6¼% on the annual sales. It does not appear, either from the rate of wages, or from any other circumstance, that the labor immediately employed in any manufacture is, in any other respect, more productive than if applied to other pursuits.

If the protecting system has had a beneficial effect on agriculture or commerce, it must be in reference either to the raw materials of domestic growth employed

in the manufactures, or to the supplies for which they give a market, or to the transportation of both, as well as of the manufactured products.

It is obvious that no allowance must be made, in this view of the subject, for the impulse given to the growing of wool, hemp, flax, or any other raw material, which is itself sustained by a high protecting duty. The same reasoning applies to those as to any other protected article, whether of the growth or manufacture of the country, which, since it requires such protection, must be a losing concern if left to itself. If otherwise, the protection is useless, and the additional price arising from the bounty an unjust transfer of the property of one to another class of citizens. But it must, on the other hand, be recollected that the difference of price between the domestic cloth, for instance, and the similar foreign article free of duty, or, what is tantamount, the national loss incurred in the domestic manufacture, embraces both that on the wool or raw material and that on the manufacturing process.

It is otherwise with respect to cotton. The duty on that of foreign origin, which is about  $33\frac{1}{3}\%$  on the value, is purely nominal. This is always true in regard to any article of domestic growth or manufacture which is usually and extensively exported. Any commodity which can, in foreign markets where it has no protection, sustain the competition of every similar foreign article will sustain it on still better terms in the home market, and is not protected by the duty, but by its intrinsic superior cheapness or quality. Whatever impulse may have been given to the production of American cotton by the domestic manufactures of that material is therefore a clear gain to the community. This, for the very reason that the amount cannot be calculated with precision, has undoubtedly been greatly exaggerated. But it cannot be doubted that the con-

sumption of cotton goods in the United States has, to a certain extent, been increased by the establishment of the domestic manufacture, and that the fluctuations of price are lessened by having a greater number of markets (in this case one nearer, and so considerable), even though the aggregate of sales was not materially increased.

Your memorialists must, at the same time, observe that these favorable considerations apply to that of the protected manufactures, which, owing principally to its success, receives in fact, at this time, the least protection from the restrictive system. Foreign cotton goods, the prime cost of which exceeds twenty-two cents (or, according to the true par of exchange, about eleven pence sterling) a square yard, pay at this time less than the average duty, which now exceeds 40%. When that average duty shall, by the reduction of the revenue, have been reduced to 25%, those cotton goods, the prime cost of which is less than thirty-five and more than about fifteen cents, would alone be affected by a reduction to that rate of the duty on foreign cotton manufactures. For the duty on those, the prime cost of which is no more than fifteen cents, is purely nominal; those of domestic manufacture of corresponding prices being at least equal in quality, and in fact exported to a considerable amount.

Manufactures give also a value to certain raw materials which had little or none before; iron works to the ore, paper mills to rags, glass works to ashes; but the cost of extracting or producing most of those constitutes the greater part of the price; and the aggregate surplus value of all is so small, as compared with that of the manufactured article, that it is hardly worth consideration.

But it is principally respecting the increased consumption, by the protected manufactures, of supplies of domestic origin other than the raw materials, and, above



all, of breadstuffs and other provisions, that the most exaggerated accounts have been industriously circulated. It might be supposed, from the language held on that subject, that the agricultural interest was exclusively indebted for its prosperity to the restrictive system. We are told of the "invigorated condition of our agriculture in the last three or four years, during which period the value of the labor of the farmer, and with it the value of his land, it is well known, has risen some 20% or 30%," and that "this augmentation in the value of agricultural labor and capital can be ascribed to no other cause than to the increase of the manufacturing classes, and to the rapid growth of our home market under the protecting system."

On hearing this, and also that what was equivalent to one million of barrels of breadstuffs was imported every year into the eastern States, we sought for proofs, and find the average price of flour at Philadelphia to have been for the eleven years, 1820 to 1830, —

1820, \$4.72	1822, \$6.58	1825, \$5.10	1828, \$5.60
1821, 4.78	1823, 6.82	1826, 4.65	1829, 6.35
	1824, 5.02	1827, 5.23	1830, 4.98
<hr/> Average 4.75	<hr/> 6.34	<hr/> 4.99	<hr/> 5.64

Average for the eleven years, \$5.49. If it is due to the protecting system that the average of the last three years, as compared with the three immediately preceding, rose from 5% to 5.64%, to what cause must be ascribed the still higher average of 6.34% for the years 1822 to 1824, immediately following the depressed price of 4.75% of the years 1820 to 1821, and before the country was under the magic influence of the tariffs of 1824 and 1828? Was the depression to the average price of \$5, during the years 1825 to 1827, the result of the tariff of 1824, or that to the same price, in 1830, of the tariff of 1828?

The enlightened advocates of the protecting system need not be informed that all those fluctuations are exclusively due to the foreign demand; that in a country which always raises what is the equivalent of fifteen hundred thousand barrels of breadstuffs beyond its own consumption, the price depends on the proportion between that supply and the foreign demand; and that that demand will continue to govern the price of the home market, whatever may be the increase of the domestic consumption, so long as such an excess beyond that consumption shall continue to be raised. If there was no foreign demand for that surplus (or for any other article which is now extensively exported), either the quantity raised must be diminished in that proportion, or the price would fall to the very lowest rate at which the produce can be cultivated. Such has been the invariable result in every part of the country too distant from the seaports to participate in the benefit of the foreign market. The enhanced price of breadstuffs and other exportable articles, beyond that minimum, is almost exclusively due to the foreign demand, and not in any perceptible degree to the increase of manufactures. The statement of prices exhibits no other than those ordinary fluctuations in the foreign demand which have at all times occurred, and does not afford the slightest proof of that permanent improvement in the value of agricultural labor ascribed to the protecting system. For the enhanced price which the farmer obtains for any of his products which continue to be extensively exported, he continues to be solely indebted to the foreign market and to commerce.

Not only has not the price been affected, but the absolute quantity of breadstuffs raised in the United States has not been increased one single bushel by the restrictive system, otherwise than by the inducement it may have offered to some skillful artists and operatives

to emigrate. The whole quantity raised is that wanted for home consumption and exportation; that wanted for home consumption is regulated by the amount of population; and to this the protecting system, saving a few more immigrants, has not added a single individual. The uniform rate of increase, demonstrated by the several enumerations, proves, beyond controversy, that no general sensible change has been produced by the increase of manufactures, and that we are indebted to a far more powerful cause for our prosperity.

The answer of one of the advocates of protecting duties to the Committee on Manufactures, respecting the moral and pecuniary condition of laborers, is equally applicable to the unparalleled growth of the population of the United States: "This will continue to be the case so long as this country offers to labor a certain employment, in the purchase of unimproved lands, at a low price, and so long as the constitution of the government remains free as it is." These are the bases of the true American system; of that system, free of restrictions, which, permitting every man to pursue those occupations for which he was best fitted, had in less than two centuries converted the wilderness into an earthly paradise; and out of a few persecuted emigrants, had created a prosperous, happy, and powerful nation. Under the auspices of that system of freedom, the American people, amidst all the fluctuations and vicissitudes incident to human affairs, had never ceased to make the most rapid progress in agriculture, arts, and commerce. To ascribe that unexampled and uninterrupted prosperity, which even legislative errors cannot arrest, to a tariff is one of the most strange delusions by which intelligent men have ever suffered themselves to be deceived.

But if a sober investigation of facts is substituted to those exaggerated and untenable assertions, all the

benefit conferred by manufactures on the agricultural interest at large will be found to consist in having probably lessened, to some extent, the number of those who would otherwise have followed agricultural pursuits, and thereby prevented the production of a greater quantity of breadstuffs and other provisions than might be actually wanted for home consumption and profitable exportation. The effect cannot have been considerable. In many districts there is a sensible diminution of household manufactures, which lessen the apparent advantage derived from the employment, in manufacturing establishments, of female labor. And your memorialists have no doubt that the greater number of the men engaged in the unprofitable branches which have been artificially fostered would have followed some of the other mechanical pursuits which require no special protection.

Supposing, however, that all those employed in the manufacturing establishments have given a new market to the wheat-growing States; what does this amount to, and what is the benefit to the agricultural interest?

Those States have always supplied the eastern States with wheat, flour, and some other provisions; and the question is not, what is the amount now, but what has been the increase? The home consumers of the flour not used by the farmers themselves consist of the inhabitants of all the cities, towns, and villages in the United States, whether commercial, manufacturing, or of any other description. The population of the three great manufacturing eastern States — Massachusetts, Rhode Island, and Connecticut — amounted, in 1790, to 679,968; in 1800, to 743,365; in 1810, to 811,113; in 1820, to 882,110; and in 1830, 1,004,935 souls. The rate of increase during the three first periods was uniform, not varying more than from 8.7% to 9.3% for each ten years. The increase from 1820 to 1830 has been at the

rate of 13.9%, or 5% more than the average rate of increase of the three preceding periods. This excess, which amounts to 50,000 souls, is all that can possibly be ascribed to manufactures. Taking even the whole increase during the last ten years, it amounts for the three States to less than 123,000 souls, not one half of whom are consumers of flour, or of any other imported provisions, to any extent; and from those consumers, the increase of Boston, amounting almost to 18,000 souls, and of several other commercial and not manufacturing seaports, should be deducted. Now the increase of population of New York, the inhabitants of which are all consumers of flour, for the last ten years exceeds (including Brooklyn) 84,000 souls. There cannot be the least doubt that the market afforded to the agricultural interest, by the increased population during that period, of the commercial and other non-manufacturing towns and villages of the United States, is far more extensive than that derived from all the manufacturing establishments.

But there is a still more precise mode of ascertaining the extent to which they have promoted the agricultural interest at large. Pursuing the process adopted in estimating the value of female labor, we find that, in the flourishing Lowell cotton manufactory, already alluded to, the board of all the persons employed, at the rate of \$1.75 a week for the men, and of \$1.25 for the women, amounts to the annual sum of \$13,500, or less than  $6\frac{1}{2}\%$  on \$210,000, the annual amount of sales. Mr. Pierce states the amount consumed by persons employed in his woollen factory, and their families, exclusive of \$7,000 in domestic cotton goods, as followeth:—

Corn, flour, rice, sugar, tobacco, and fish,	. . .	\$7,500
Other domestic provisions and fuel,	. . .	5,000

In all \$12,500, or about 10% on his annual sales. The average ratio of the board of all the persons em-

ployed in the Taft, Shepherd, and Wolcott factories to the annual sales is  $11\frac{1}{4}\%$ . The average of the whole does not exceed  $9\%$ , of which only about one half consists of articles imported from other States. But the benefit to the farmers and to the carriers of that produce cannot certainly amount to  $20\%$  upon it. The profit of the agricultural interest derived from the cotton and woollen manufacturing establishments cannot therefore exceed, at most,  $2\%$  on the annual sales, of which at least one half must be allotted to the farmers in the immediate vicinity; and the residue to the agricultural interest at large of the United States. The manufacture of cast and bar employs, in proportion to the value of the product, a greater number of persons. Admitting, in this view of the subject, the statement of the manufactures to be correct, the gross amount of the articles purchased from farmers is about  $30\%$  of the whole value of the product:  $20\%$  profit on those articles by the farmer would give him  $6\%$  on the annual amount of American iron. In exchange, he pays from  $40\%$  to  $100\%$  more for that than he would for foreign iron, and, in this case, the benefit derived is confined to the immediate vicinity of the manufacture.

Allowance has been made in this estimate for the profit on the carriage of the provisions consumed by the manufacturing establishments. That on the freight of cotton from the places of exportation to other parts of the United States is not greater than if it had been exported to Europe. That on the carriage of the other raw materials forms but a small item. The profit on the coasting or inland carriage of manufactured articles is the same, whether they are of domestic or foreign origin. A decrease of the tonnage employed in the foreign trade must have taken place, proportionate to that of the imports excluded by the tariff, and of the exports with which those would have been paid for. Any in-

crease which may have taken place in the coasting trade is due to the generally increased intercourse and commerce between the several parts of the United States, to which the increased amount of protected articles, with the exception of sugar, can have contributed but a very small portion, and no greater than would have been gained on the transportation of the same amount which otherwise would have been imported from abroad. There are no data from which the increase of the coasting trade of the three or four last, as compared with that of the preceding, years can be estimated. The total amount of enrolled and licensed tonnage of the United States on the 31st of December, 1828, was stated by the Treasury at 928,772 tons. But this was corrected during the year 1829 by striking out not less than 358,136 tons for vessels lost or condemned in previous years, and not before entered in the treasury books. The true amount at the end of the year 1828 was therefore only 570,636 tons, including about 24,000 tons of steamboats employed on the lakes and inland rivers. But as this enormous difference is the result of omissions accumulated during a series of years, and it is not stated whether a similar correction ever was made before, it only shows that the statements for the preceding years are all erroneous, and that there are no returns published by which to ascertain the annual progressive increase of that tonnage. The return for the year 1789 is incomplete, but that for 1790 is for the whole year, and could not be liable to any accumulated errors. The only fact, therefore, to be relied upon is, that the enrolled and licensed tonnage which at the end of the year 1790 amounted to 132,000 tons had at the end of 1828 increased to 571,000, and at the end of 1829 to 610,000 tons. This increase is by about one third greater than that of the population, and is accounted for, partly by the acquisition of Louisiana and Florida,

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partly by the vastly increased wealth and intercourse between the several States.

It must be recollected that in this estimate of the advantages arising from the protecting system, those only are now taken into consideration which accrue to the community considered as a whole, and that such as are exclusively enjoyed by any distinct class of society or section of the country must, in this view of the subject, be excluded. The bounty which that system gives to the growers of wool, hemp, and flax is certainly beneficial to them; but this benefit is paid for and falls on the community at large, since that bounty is founded on the admitted or presumed fact, that without it those commodities would not afford a reasonable profit to the grower.

Your memorialists have endeavored to enumerate, and from the materials accessible to them to estimate, as far as practicable those general advantages. They are aware that they have included some which may not be thought of that character, in accordance to the most approved principles of political economy. But they must repeat, that since the necessity of an average duty of 20% to 25% on imports is admitted, it is not necessary for them to discuss abstract questions, but only to show that that duty is amply sufficient to cover all the general advantages which may possibly be ascribed to the restrictive system; and admitting all those of a debatable nature, they have rejected only those which are altogether founded on error and delusion.

It has, it is believed, been satisfactorily shown that the difference between the price at which the domestic commodity protected by a restrictive duty can be afforded and that at which the similar foreign article might have been previously purchased is a national loss, and that the general advantages resulting from the system which may in part compensate for that loss are



to be found in the increased productiveness of the female labor employed in some manufactures; in the nearer and perhaps more extensive market opened to the cotton grower, and substituted for one fifth part, as it is asserted, of his crop to the foreign market; and in the very inconsiderable additional home market afforded to the agricultural interest at large.

Those advantages have in every instance been estimated at a higher rate than what your memorialists consider as their real value. They are not found united in any one branch. The advantage derived from a new or better market for any unprotected raw material applies only to the cotton manufacture; that ascribed to the employment of female labor is confined to the cotton and woollen; the iron has none but a greater comparative consumption of agricultural products. They do not in any branch, the cotton perhaps excepted, amount to 10% of the value of the annual product of the manufacture. But making the most ample allowance for errors or omissions, it is utterly impossible, on any rational and candid calculation, to swell their aggregate value to an amount approaching the national loss, arising from a difference of 20% between the respective prices of the domestic and similar foreign commodity. The duty to that amount is, therefore, more than amply sufficient to cover all those presumed advantages; any higher rate in favor of any favored commodity is, independent of every other consideration, a certain national loss so long as the difference of price corresponds with the rate of duty.

The next question to be examined is, therefore, the effect which the domestic competition arising from the tariff is said to have on prices. But your memorialists must first take notice of a general assertion which, from its nature, cannot fail to have made an erroneous impression on those who may have taken only a superficial view of the subject.

Every nation takes a laudable pride in all that contributes to elevate its character; in every progress made in science, letters, arts, wealth, and power; in all that constitutes an advanced state of civilization. To substitute American for foreign industry whenever the substitution is advantageous is an object in which all cordially unite. But whether taking advantage of that general and patriotic feeling, or carried away by it, the advocates of restriction contend that a trade in foreign commodities which, without regard to price, might be produced by domestic industry always interferes with that industry. They denounce and would proscribe that trade altogether, and thus in reality inflict the most serious injury on that object which they pretend to protect. Laws which do not trust the common sense of the citizen, which do not permit him to seek what he thinks the best market for the products of his industry, or which compel him to receive in exchange for these a less quantity of the objects he wants than without those laws he might have obtained, are evidently destructive of domestic industry. By free trade we mean that trade which we may carry free of any restrictions imposed by our own government. It is synonymous with free industry, and it is only because, and as far as, it promotes domestic industry that we object to those restrictions. When, in order to justify that system, it is said that nations are adversary to each other, and that a free trade between them would contravene the arrangements of Providence; when it seems to be forgotten that it is commerce which unites the several nations of the civilized world, and that next to Christianity it is principally to commerce that we are indebted for modern civilization, we can but lament the extremes to which enlightened, patriotic, and philanthropic men may be carried by adhering to a favorite theory and losing sight of every other consideration.

Foreign commerce or the exchange of domestic for foreign commodities is of the same nature, and founded on the same principle, as commerce between different parts of the same country or that between individuals of the same district of country. Every individual, district of country, and country acquires wealth in proportion as, with the same capital and labor, the greatest quantity or exchangeable value of commodities is produced. Whence inevitably follows, in every case, the mutual advantage of exchanging articles produced cheaper by one individual for such as are produced cheaper by another, or of exchanging articles produced cheaper at home than abroad for those which may be produced cheaper abroad than at home. The division of labor which increases the skill of every individual in his particular branch is the foundation of the commerce or mutual exchange of commodities between individuals living in the same vicinity. That between different parts of an extensive country or between different countries has its origin in the difference of climate, of capital, of the density or nature of the population, and of long-acquired habits and corresponding skill in particular branches of industry. The causes which give rise to commerce, as well as its advantages or presumed inconveniences, are precisely the same, whether that commerce is carried between different nations or between different parts of the same country. The misapplication of capital and labor has the same effect, whatever may be the cause which enables an individual or a nation to produce a certain commodity with less capital and labor, and to sell it at a lower price than another individual or another nation.

Those truths are too obvious to be denied in direct terms, but they are disregarded ; and several allegations are made, tending to show that an unrestricted intercourse between two nations is fatal to one or ruinous to

both. 1. We have not been fortunate enough to discover on what principle or by what fact it can be proved that such intercourse "reduces the labor of one to the same scale of compensation with the labor of the other, to the great injury of that nation whose labor stood highest on the scale."

Wages are one of the elements of the price of commodities; and if higher in a country which nevertheless affords certain commodities at a less price than the country where the wages are lower, there must be a difference in climate, soil, skill, or some other circumstance which produces that result. But in each country the price of labor is determined either by its productiveness or by the proportion between demand and supply in that country, and in no manner whatever by what may be that productiveness or that proportion in any other country, whether there is or is not an intercourse between the two countries. We have heard that Irish laborers, flocking in great numbers to England and Scotland, have by deranging the existing proportion between demand and supply, and by the low rate of wages to which they were used, lowered in certain seasons the price of labor in those two countries; but so long as they remained at home and did not, by transferring their labor to the spot, interfere with that of England, the long-continued intercourse between the two countries never had the slightest effect on the price of English labor, which, varying according to circumstances exclusively belonging to England, has never been reduced to the miserable pittance that hardly sustains, without remunerating, the Irish laborer. This is universally true with respect to every country; the price of labor is in each regulated exclusively by the respective proportion of supply and demand and the state of society. After two centuries of free commerce with Great Britain, and fifty years of a similar intercourse

with the rest of the world, the price of labor continues without alteration to be higher in the United States than in England or any other country.

2. The circumstances which may tend to bring forth more labor in the application of capital to certain domestic manufactures than in that of the same capital to other pursuits have already been adverted to; at the same time that it has been shown that the labor employed in highly protected manufactures was nevertheless less productive than if applied to other branches of industry. But it is asserted, and the general impression intended to be made is, that because foreign trade puts in motion foreign, this is done at the expense of American industry, and that, therefore, by prescribing the first this is necessarily encouraged. This would be true if foreign merchandise or any part of the foreign imports was bestowed gratuitously on the United States, in which case the Americans might enjoy the gift without giving any labor in return; but as every article imported must be purchased and cannot be paid for by any possible means other than the product of American industry, it necessarily follows that, whatever may be the amount of imports and of foreign industry by which they may have been produced, an equal value of American products and an equal amount of corresponding American industry is employed by the foreign trade. When a domestic manufacture equally productive as any other pursuit is substituted to the foreign articles, it puts in motion precisely the same quantity of labor, the same amount of American industry, neither more nor less than that which was employed in producing the articles with which the foreign article was previously purchased; the difference consists only in the respective degree of productiveness. The change is advantageous or injurious to the country, as the domestic manufacture may be more or less productive than

other pursuits to which the same capital and labor might have been applied. The error of the restrictionists consists in not perceiving that the foreign trade promotes two equal amounts of foreign and domestic industry, and in supposing that the American industry, which in the establishment of a new manufacture is substituted to the foreign industry, is an addition to, instead of being a deduction from, the American industry which was or might have been otherwise employed. It is obvious that a certain amount of American industry which was or might have been employed in producing \$1,000,000 worth of articles intended for exportation and to be exchanged for an equal value of foreign goods, cannot, if employed in a domestic manufacture of goods of similar nature, be any longer employed in producing the exportable articles; and the only question is, whether that amount of industry is more or less profitably employed in its new than in its former employment.

3. Since the foreign imports must always be paid for with the products of American industry, there must always be a tendency in foreign trade to equalize the respective value of the imports and exports. Though varying from year to year, any debt incurred must ultimately be paid out of the same fund. The imports of the United States during the ten years, 1821 to 1830, have amounted according to the official accounts to \$798,630,000, and the exports to \$764,803,000. If the amount of bullion and specie imported and exported is deducted, the annual average of imports was \$72,948,000, and that of exports \$69,327,000. The annual average of exports of domestic produce was \$53,221,000. If the re-exportations of foreign merchandise, valued at the same price as that of importation, are deducted from the imports, and about \$20,000,000 added to these, on account of the difference between the rate at which

British goods are valued by law and that of the exchange between the two countries, the annual average of the foreign articles consumed in the United States will be found to be about \$60,000,000, which is an excess of near \$7,000,000 beyond the exports of domestic produce. According to the official returns the difference is less than \$3,500,000, but the corrections are obviously necessary. The amount of the earnings of American industry by sea, which cannot appear in the statement of exports, must be added to these, since they equally contribute to the payment of the imports. Those arising from the fish which from the banks is carried directly to foreign ports; of the whale and spermaceti oil, sold by the fishing vessels in South America; of the furs collected on the northwest coast and sold in China; and of the freights on the carrying trade, that is to say, on voyages from a foreign to another foreign port, cannot be estimated. But the freight on the \$68,000,000 of domestic and foreign articles annually exported from the United States, calculated on the average rates according to the nature of the merchandise and to the ports of destination, exceeds \$11,000,000, of which about \$9,000,000 are earned by the American navigation. This result, whilst it illustrates the invariable correspondence between the value of the imports and that of the exports, shows also that so far from having been inundated during that period with foreign merchandise beyond the means of payment, the amount of exports, including freight and those items which cannot be ascertained, has certainly exceeded that of the imports. The difference has either been received in precious metals or applied to the payment of a debt previously due abroad, and it is probable that both have taken place. Independent of private remittances on foreign account, the amount of the public debt reimbursed to foreigners appears to have exceeded their

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investments in other American stocks; and although, according to the official returns, which in that respect are necessarily defective, the amount of precious metals exported would appear to have exceeded by near \$2,400,000 that imported during those ten years, it is ascertained that the amount of specie in the banks alone on the 1st of October, 1830, exceeded by more than \$7,000,000 the amount at the end of the year 1819.

But though equal or nearly equal to each other during a period of several years, the respective amounts of imports and exports vary considerably from year to year. Imports of any commodity which greatly exceed the ordinary consumption, though affording a temporary advantage to the consumer, are equally injurious to the American manufacturer and regular importer. The example of England shows that manufactures are not exempt from similar fluctuations, and are exposed to the evils of over-production, as foreign trade to that of excessive importation. This partial and occasional evil is inseparable from foreign commerce, and cannot be prevented unless that commerce be altogether proscribed. So long as the protecting duty is not prohibitory, and the corresponding foreign article is not entirely excluded, it may occasionally be imported to excess. It matters not whether the imports amount to \$60,000,000, or are reduced by the restrictive system to \$40,000,000. The same excess beyond the actual wants of the country will in either case occasionally take place with respect to any commodity, the whole stock of which on hand happens to be much greater than the existing demand. But much more has been ascribed to that cause than can be sustained by the facts. Whatever may have been the cause of the fall of price of woollen goods in the years 1826 to 1827, as compared with preceding years; whatever may have been the reason



why the domestic manufacture was more profitable before than after the tariff of 1824, it appears impossible that either result can have been due to excessive importations. The average annual amount of foreign woollen goods of every description consumed in the United States, amounted for the years 1822, 1823 and 1824, to \$9,233,000, and for the three following years, 1825, 1826 and 1827, to \$9,045,000. The principal branch of the American manufacture consisted of cloths and cassimeres. The value of the corresponding foreign goods consumed in the United States during the nine years, 1822 to 1830, was :—

In 1822, \$8,342,000	1825, \$4,900,000	1828, \$4,207,000
1823, 5,215,000	1826, 4,286,000	1829, 3,483,000
1824, 4,643,000	1827, 4,118,000	1830, 2,964,000

It is therefore clear that even the somewhat greater importation of 1825 could not have a greater effect on the prices of 1826 and 1827 than that of 1823 on the prices of 1824 and 1825. Yet to the representations made at the time on that subject we are indebted for the outrageous woollen tariff of 1828. As the real evil complained of arises from over-trading, and may ultimately be traced to abuse of credit, it would seem that the most natural, and the only remedy which the parties interested may have a right to claim, is that the legislature should cease to stimulate the importations at least of the articles most generally imported on foreign account by the credit now allowed for the payment of duties. The foreign manufacturer who sends goods on his own account not in proportion to the wants of the country but to his own, who is willing to run the risk of selling at a loss and on credit the merchandise with which he is encumbered, would be deterred from sending it to America if he was compelled, before he made any sale, to advance in money 25% on the value of that

merchandise. According to the present system, if he sells woollen goods for cash, he receives as a loan for ten months without interest a sum equal to at least one half of their prime cost, which enables him to continue to undersell the manufacturer.

4. The laws of foreign nations which prohibit or restrain the sale of the products of American industry operate precisely in the same manner as any natural cause which confines the market of those products within certain limits. By lessening the amount of the exports or of the means of paying for foreign products, the restrictive laws enacted by any foreign nation lessen in the same proportion, not necessarily the imports from that nation, but the gross amount of the imports of the United States. No legislative measure is requisite on their part in order to avert the imaginary evil of an excess of imports over exports. The diminution of the imports is a natural and necessary consequence of the diminution of exports. Unless foreign commerce be considered as a positive evil, which must at all events be annihilated, there is no occasion for passing retaliatory laws which, by still more diminishing the imports, would necessarily have the same effect on the exports. Retaliatory laws that had that effect would only aggravate the evil, if the restrictions imposed by the foreign laws on American products are admitted to be an evil. They would also be injurious if, by being applied particularly to those nations which had imposed the restrictions, they compelled Americans to purchase elsewhere the commodities which they want, and might have purchased cheaper from those nations. The whole amount of imports equalizes itself with the whole amount of exports. It is not at all necessary that this equality should exist; it never does exist in the trade of any country with every other country. Every one purchases what it does want from that country which affords it

on the cheapest terms, and sells its products to those countries by which they are wanted and which give the highest price.

The most zealous advocates of the protecting system do not pretend that their object is to lessen the amount of the American products which, notwithstanding the restrictive laws of other nations, still find a market abroad. They do not say that the cotton of the South, and the surplus of the wheat and other provisions of the middle States beyond what is wanted for home consumption shall not be exported. They intend to give an additional and nearer market to the cotton and wheat grower, but not to deprive them of the foreign market which is still open to them; to supply growing wants for which the lessened exports can no longer pay, and not to increase those wants by preventing foreign nations from paying for the American products which they still wish to purchase. The restrictions imposed by foreign nations do not afford a single reason, though they may serve as a pretense for the adoption of restrictive measures on the part of the United States, which would not equally apply if the exports were reduced by a natural cause. The question still resolves itself into that of public utility, and whether measures intended to promote American industry fulfill that object. If, on the contrary, it is made less productive by the artificial direction given to it than if left to itself, the fact that foreign nations have imposed restrictions injurious to the foreign trade of the United States does not in the slightest degree change the state of the question, and is no reason whatever why a policy injurious to America should be adopted.

This is so true that, whatever their language may have been, the restrictionists have acted on that principle. The regulations of France respecting breadstuffs and tobacco are similar to those of England, and affect

the interests of America in the same manner. In selecting for protection cotton and woollen manufactures and iron, and favoring wines and foreign silk manufactures, the sole motive was the belief that the application of American industry to the first objects would be a public benefit, and that it was not at this time adapted to the cultivation of wine and the manufacture of silk stuffs. The protecting duty has always been laid in reference to those branches of industry which were deemed advantageous and not at all to the restrictive measures of any particular foreign nation.

It may also be observed that the State which probably suffers most from the restrictions of foreign nations on its products, asks for no special protection. Virginia, is a great wheat-growing and the first tobacco-growing State. The foreign restrictions operate in a far greater degree on tobacco than on any other article, without excepting breadstuffs. There can be no doubt that the consumption of tobacco in France and England would be double or treble of what it now is were a free trade in that article, with moderate duties, consistent with their policy. The change in that of France has been peculiarly injurious to the American product. That country before its revolution consumed annually 24,000,000 of pounds of American tobacco instead of 6,000,000, the amount of its present consumption. On the other hand, the effect of the corn laws is much less than seems to be generally apprehended. America has always supplied Great Britain with corn in years of great scarcity, and rarely at other times. Canada does it now at all times, on account of its exemption from laws which operate on the corn of every other country. When the price of wheat in England is 60s. sterling per quarter, and it is supposed that the duty of 20s. is a restriction on the sale of American breadstuffs, it is forgotten that the duty is the very reason which makes the

price so high, and that if there was none, the deficiency in quantity would in common years be supplied by the countries on the Baltic, where it is one third cheaper than in the United States, and that the London market would not be much better than that of Amsterdam now is.

There is an exception to the general principle. Retaliatory measures may be resorted to with more or less success, according to circumstances, and as they may be more or less adapted to the object in view, for the purpose of inducing a nation to alter her policy and conduct. In that case such measures are of a temporary nature, and a discussion of their propriety is foreign to the question now under consideration. Had this been the motive the course pursued would have been very different. The commercial conventions would, according to the right reserved, have been abrogated, and the manufactures of the countries in question exclusively taxed or prohibited. But it is believed that the advocates of the protecting system would not hesitate to declare that it is in itself highly advantageous, and to avow that unless convinced of the utility of a modification, they will persevere in the same policy even if all the restrictions of foreign nations on the American trade were revoked.

5. When the general prevalence of the restrictive system and the experience of other nations are appealed to, the appeal is in fact only made to the result of that policy in England. For it is in England alone that the prohibitory system, and a complete success in establishing manufactures generally superior in cheapness or quality, are found united. The only legitimate inference that can be drawn from her example is that both may subsist together. It would require a much more minute knowledge of the origin and gradual progress of the manufactures in that country than any man does

possess to ascertain whether, in what branches, and how far the prohibitive system has promoted or impeded that progress. But if that system was the principal cause which has made Great Britain the first manufacturing country of the world it would have produced similar effects in all the countries where it was adopted, as well as in all the parts of the same country, whilst those which had rejected it would be found destitute of manufactures.

It is quite true that the restrictive or prohibitive system, as a branch of that of monopolies, is of ancient origin, and has been adopted and persevered in for centuries, by most European nations. The only exceptions are perhaps to be found in Holland, which, from her situation and exclusive attention to commerce, followed the opposite course, and in those countries subdivided into states or communities which, like the United States before the adoption of the present Government, could not unite in a general system. The first obvious reflection is, why the result has been so different in different countries? The system appears to have been early adopted in Spain. There is hardly a treaty concluded during the seventeenth century between that country and England, in which there is not a clause for the reduction in her favor of the exorbitant duties laid by Spain on certain manufactures. We need not state what is the situation of that country in that respect. Though of much more ancient origin, it is admitted that the system has rigorously been adhered to in France, from the time of Colbert to this moment, with the single exception of the few years which intervened between the treaty of commerce of 1786 with England, and the wars of the French revolution. France continues to enjoy the same superiority, even over England, in the silk manufacture, which she already had in the time of Colbert; but she is yet unable to compete with her in

most other branches. This is evident from the statements of importations into the United States, which afford the best criterion of the manufactures in which each nation may have a real superiority. From France we import silks, objects of taste, and fancy articles, but few or no woollens, cottons, linens, cutlery, or manufactures of leather. And, as pointing out the true cause of success, it may be observed that a country may excel in certain particular branches of the same species of manufacture in which it is in general inferior to its neighbors. Thus, England, inferior to France in every other branch of the silk manufacture, maintains her superiority in that of silk stockings.

Again, the system has not produced the same effect in the different parts of the same country. Manufactures flourish in Scotland as well as in England, whilst those of Ireland continue in a still more depressed state than her agriculture. The central parts of France exhibit a nearly similar inferiority to the northern section of that country; and our southern and even western States, to New England.

Switzerland is one of the few European countries to which the restrictive system has not extended; and is, nevertheless, that which, in proportion to her population is, next to England, the first manufacturing country of Europe. Exposed, like her, to the same revulsions, and to periods of distress, when the channels of superabundant manufactured products are obstructed, Switzerland, unprotected by any duties whatever on foreign merchandise, beside certain branches belonging particularly to her, rivals England in the cotton, and France in the silk manufacture.

If these observations do not prove that the restrictive system may not, in some instances, accelerate the establishment of manufactures, they show conclusively that a tariff acts, at best, but a very secondary part, and that

there are some other causes far more efficient in promoting domestic industry. A sufficient capital and a certain density of population are necessary requisites; and agriculture will, in preference to manufactures, attract labor in countries or districts where virgin land is abundant and within the reach of all. But a single glance at the map of Europe will satisfy every intelligent observer that the great superiority of some over other countries, in other respects equally fitted for manufactures, is due to the nature of the government, to laws which at least secure to men the proceeds of their industry, to liberty, or at least comparative liberty, and to the diffusion of knowledge, and superior intelligence, skill, and activity, the infallible offspring of unrestrained industry, and of political, religious, and civil liberty.

We may also, before we dismiss this branch of the subject, and in order to rebut those general assertions of the ruin that attends all nations which rely, in any considerable degree, on foreign trade for a market, appeal to that which we know best, which we have seen and enjoyed,—to the experience of North America. Assisted only by the ordinary mechanical arts, and with hardly any manufacturing establishments, America, during two centuries, relied almost exclusively on the cultivation of her soil, and on the exportation of its products to foreign ports; and her progress during that period, in population, wealth, and all the arts of civilization, as well as in the general diffusion of knowledge and happiness through all the classes of society, stands unparalleled in the annals of mankind. A change of circumstances may induce a partial and gradual alteration in the pursuits of her citizens, and we may rest assured that, if not diverted by legislative interference, they will, as heretofore, embrace those best adapted to their situation.

Since the national loss, produced by high duties on



importations, consists of the difference between the former and the new artificial price, the evil will cease whenever the product of the protected domestic manufacture can be afforded, and is sold at the same price as the similar foreign article, free of the protecting duty. The advocates of the restrictive system insist that this is the natural and necessary consequence of the protecting duty, and is produced by the domestic competition.

It must be observed, in the first place, that domestic competition can have no effect either on the wages, the price of the raw materials, or that of provisions, of machinery, or of any other article necessary for the manufacturing process. It can operate, immediately, only on the rate of profits; and, since their insufficiency is the reason for granting the protecting duty, its first effect is to raise them. Domestic competition may afterwards reduce them to a rate corresponding with those of other pursuits, but after they have been reduced to the lowest possible rate, the price of the protected commodity cannot be lessened, otherwise than by a corresponding diminution in the cost of producing it. A reduction of the price of labor, or of the raw material, are circumstances independent of the tariff, and over which the manufacturer has no control. Towards reducing the cost of producing the commodity, competition can have no effect, but in as far as it may stimulate improvements in the manufacturing process; and for this there must be a sufficient motive.

Secondly, competition does not even reduce profits to their lowest rate, unless the supply of the domestic commodity is equal to the wants of the country. Whenever, and so long as, this is not the case, a monopoly is created, which will be attended with all its usual consequences. If, instead of an elevated rate of duty, the similar foreign article is altogether prohibited, the exorbitant price of the domestic commodity is checked

only by the lessened demand for it. That price is limited by that at which the foreign article can still be purchased, and by that alone, when the importation is not prohibited, but only charged with a heavy duty. Improvements, tending to lessen the cost of production, may, in that case, still be introduced by the manufacturer for his own benefit; but the price of the domestic commodity will, nevertheless, be exclusively regulated by that at which the similar foreign article may be obtained.

It is, therefore, only when the supply of the domestic manufacture is, or may within a very short time be made, equal to the full demand of the country, that domestic competition may reduce the rate of profits, and ultimately the cost of production. It cannot be doubted that, when the competition is with foreign articles, the necessity of introducing the improvements requisite for that purpose is much greater than when it is only between the American manufacturers. When the manufacture is already established at the time of laying the protecting duty, the improvements which may afterwards take place would have been introduced at least as early, if the restrictive system had not existed; and there may be instances where the duty prevents or retards the adoption of such improvements.

But a reduction of price is, in no case whatever, due to the tariff, so long as the similar foreign article can still be imported, and the price of the domestic commodity is not reduced below that at which the foreign is sold. Under those circumstances, the reduction is clearly due to a fall in the price of the foreign article, and is altogether independent of the tariff. If, in any instance, the price of the domestic article has, immediately after the tariff, fallen below the price at which the foreign article could, thenceforth, be imported, it only proves that the duty was higher than was neces-

sary for the ostensible object in view. The price must fall as low as that at which the foreign article might have been purchased prior to the protecting duty, before the national loss caused by it ceases. It is only then that the domestic manufacture proves successful and beneficial to the consumer, and to the community at large.

Coarse cotton goods are the only protected branch which comes within that description, and the causes of the fall of price, which operated almost simultaneously in England and America, are notorious and acknowledged. They cannot be better expressed than in the words of one of the manufacturers (Mr. Dexter) examined before the Committee on Manufactures in 1828. "It is owing to the improvement in machinery, the reduced price of raw cotton, and the increased skill in the manufacture." The reduction in the price of the raw material was solely due to the increased supply compared with the demand. The manufacture was already firmly established before the year 1816. As early as the year 1810, there were north of the Potomac fifty mills for spinning cotton in operation, and twenty-five more that went into operation the ensuing year. The weaving business had commenced, but was not so far advanced. Under those circumstances, the improvements in machinery and the gradual acquisition of skill would have infallibly taken place with the common average duty, which was, at that time, about 33% on the value. It is at least doubtful whether the favorable result was hastened by the tariff of 1816, which gave a protecting duty of six cents and a quarter per yard, amounting to 62½% actual, and equivalent to 52% nominal duty ad valorem on the prime cost of the cheapest India cotton goods at that time imported.

A similar fall of price, and owing to the same causes, took place in England notwithstanding the partial com-

petition of East India goods. It is well known that the returns of the official value of British exports, having been fixed long ago, and never been changed, represent the quantities, as the returns of the declared show the actual value of each species of merchandise. The official value of cotton goods exported amounted, in 1814, to £16,535,528, and in 1827 to £21,445,565 *stg.* The declared value for those two years, was £17,241,884, and £10,522,357, respectively; but the true value for the year 1814 was, on account of the depreciated currency, only £14,655,601. Whilst the quantity had, during that period of thirteen years, increased near 30%, the value had decreased more than 28%, or, in other words, the price of cotton goods had fallen near one half.

The suggestion that this fall in Great Britain was in any degree due to the competition with the American article, is quite groundless, since it was the result, partly, of the fall in the price of the raw material which operated at the same time on both countries, principally to improvements which originated in England, and were subsequently adopted in America. It would be still more preposterous to ascribe the fall of price in the foreign article to American competition, with respect to such as to iron and sugar, of which we export none, and import greater quantities than heretofore. Omitting the years 1813 to 1816, during which the annual average consumption of imported sugar was, by reason of the war, reduced to little more than forty millions of pounds, the annual average quantities on which the duty was actually collected appear, by the Treasury returns, to have been : —

For the seven years, 1799-1805,	.	.	.	52,730,000
For the seven years, 1806-1812,	.	.	.	54,450,000
For the seven years, 1817-1823,	.	.	.	57,630,000
For the seven years, 1824-1830,	.	.	.	64,440,000

We have imported less than if we had not had the Louisiana sugar, but actually more since than before. Louisiana has only supplied our growing wants, and has left the foreign market, so far as the United States were concerned, in the same situation as heretofore. It is the same with respect to iron, to which we will soon advert.

We will only observe here, that the decline of price in the Pittsburg iron, which cannot be ascribed to that of the foreign article, is also independent of the tariff. The iron works of west Pennsylvania were, and still continue to be, protected against foreign iron; and that made within one hundred miles of the seashore, by the expense of transportation, which is still \$40, and prior to the last war amounted to \$80 a ton. Considerable fortunes were made by the owners of the establishments which were directed with skill, frugality, and a sufficient capital; but there being no competition, the iron was dear, and of inferior quality. The price of transportation was greatly diminished some time after the peace, and the Juniata iron, of a superior quality, was brought to Pittsburg, at the expense of \$30, and sold for \$100 to \$120 a ton. This, united with unfavorable circumstances under which the western country then labored, prostrated the iron works for a while. But there was no intrinsic impediment; and with more experience, by the partial application of coal and various other improvements, the iron business has been revived, and the price of iron, of much better quality than formerly, reduced to about ninety dollars. The competition of the Juniata iron operated, in this instance, in the same manner as if it had been of foreign origin. Had it not been for it, the iron of west Pennsylvania would neither have been improved in quality, or have declined in price. And this effect has been produced without the slightest assistance from the tariff, or any other cause, with the

same competition to encounter, and through no other means but a judicious application of skill and enterprise.

The only effect that can possibly be ascribed to a protecting duty is that of encouraging the establishment of manufactures which would not otherwise have existed, or of inducing a greater number of persons to embark in those already existing. The propriety of the duty depends altogether on the probability of speedy success, that is to say, of the manufacture being so far adapted to the circumstances of the country that, after having been assisted by the duty in surmounting the first difficulties incident to every new undertaking, it will be able to sustain itself, and without such assistance to compete with the foreign article. It has been clearly shown that the manufacture is otherwise a losing concern, productive of national loss.

This leads to the important distinction between a permanent and a temporary protecting duty; the first imposing a perpetual tax for the purpose of perpetuating a continued public loss, the other proper only when the prospect of speedy success is nearly certain. For if necessary to be continued for a long while, the loss continued for a period of years may be greater than the object is worth; and it would have been much wiser to wait till the country was better prepared for commencing the manufacture. The question is, how the Legislature, on subjects so complex, is to decide whether there is a probability that the result will in a short time be favorable? We answer, first, that whenever the application is for a gradually increasing instead of a decreasing rate of duties, it is a complete proof that the applicants wish a permanent and not a temporary duty; secondly, that whenever the protecting duty required is exorbitant, this likewise clearly proves that there is not any expectation of a speedy favorable result. It is clear that the protection required must be

proportionate to the difficulty of establishing the manufacture, and that the country is better prepared for those which require the least protection. A moderate and uniform duty will naturally encourage these, without the necessity of any special legislative interference, whilst those alone will be postponed which, for the very reason that they require a higher protection, ought not yet to be attempted. Instead of an artificial and precarious system, the progress will be natural, steady, and permanent. The charges on imported articles vary according to their nature, are seldom if ever less than 10%, and sometimes amount to 20%. A general duty of 20% added to those charges would give an actual protection of 30%, much greater than that under which all the usual mechanical arts have been firmly established in the United States; greater than is asked by several branches now suffering under the present partial system, and amply sufficient for the encouragement of any manufacture which there is any probability of establishing successfully within a reasonable time. The duty of 30% substituted in England to the entire prohibition of foreign silk stuffs has, notwithstanding the clamors of those interested, promoted, instead of injuring the British manufacture; and Mr. Hamilton, so often quoted, never proposed a protecting duty of 15% *ad valorem*.

It has been correctly observed that with the exception of the silk and some thread manufactures, the boasted departure by Great Britain from the restrictive system is nominal, since the former high duties on articles which she affords cheaper than any other country were entirely useless. The reduction of a prohibitory to a duty of 15% proves at least that the price of the domestic article was actually reduced to a rate that did not fear foreign competition. But there is a glaring contradiction between the assertion "that nine tenths of the American people who do not affect foreign lux-

uries and fashions may be clothed with woollen, cotton, fur, and leather fabrics of their own country better and cheaper than either could have been obtained abroad if the tariff had never been enacted," and the pertinacity with which the restrictionists oppose the repeal or modification of the high duties imposed precisely on the coarsest woollen and cotton fabrics which are worn by nine tenths of the people.

Having examined the restrictive system in reference to the country at large, and considered as a whole, your memorialists will now call the attention of your honorable body to its effects on the various classes of society and different parts of the Union. But they will confine themselves to its most prominent features, and to the most important of the protected branches of industry; and for further details, they beg leave respectfully to refer to the expositions now prepared, or being prepared, by some amongst themselves who have undertaken to collect the facts, and will lay them before Congress.

It is not our intention to discuss the effect produced on the persons employed in large manufacturing establishments. The owners are entitled to much credit for their attention to the comfort, morals, and education of those who are placed under their care. We only contend that there is nothing in that respect which should induce the Legislature to divert the people in general from other pursuits to that of being employed in a manufacture. Operatives in America stand in the same relation towards their employers as those of similar establishments in other countries. The only difference consists in the higher rate of wages they receive; and for that they are not indebted to the manufactures, but to that great cause already often alluded to, and the effect of which is acknowledged by the advocates of the protecting system when they say "that the peculiar advantage of the United States consists in the abun-



dance and cheapness of fertile lands, affording an easy subsistence and high remuneration to labor." And they might have added that this is the circumstance which keeps up that high remuneration even in those parts of the Union where lands have acquired the highest value. Industry should be perfectly free and every one left at liberty to select that pursuit which in his opinion will most contribute to his happiness. A comparison might nevertheless be drawn between the respective situations, at the end of thirty years, of the working men who have availed themselves of the natural advantages offered by the facility with which the rich unimproved lands of America may be acquired, and of those who have attached themselves to a manufacturing establishment.

But the restrictive system is in every instance injurious to those branches of industry which do not want special protection, and often operates even against the protected manufactures. That system, when artificially enhancing the price of those commodities which are the product of such manufactures, necessarily enhances also the price of the products of every other branch of industry or depresses that of labor. It is clear that the mechanic who pays \$20 more for the implements of his trade, the necessary clothing of his family, and the sugar it consumes, must either enhance the price of the products of his industry in the same proportion, or receive so much less for his labor. The nominal wages of the journeyman and of the laborer do now remain the same; whilst the true price of their labor, the compensation they actually receive, has been lessened to an amount precisely equal to the enhanced price of the necessary articles they must purchase. The evil increases as, in order to remove complaints and render the system popular, it is extended to a greater number of branches, and affects in the same manner the protected manufac-

tures by either increasing the cost of production or lessening the real wages of the workmen.

This substitution of nominal for real wages is proved by the evidence taken in 1828 by the Committee of Manufactures. Several of these, and particularly the woollen manufacture of Steubenville, appear to have been sustained by the retail sales of foreign goods connected with the establishment; and the principal profit of the owners to have consisted in that which they made on the goods with which they paid their workmen, and the provisions and other supplies purchased from the farmers. This was a very natural and legitimate process; but it is remarkable that the means used to substitute, as is said, domestic for foreign industry, should have been a much more extensive sale of foreign commodities than would otherwise have taken place.

In trying to reconcile a majority of the people to the system, and for the purpose of obtaining still greater protection, the advocates of restrictions have altogether departed from a principle, the soundness of which is admitted by all, and by none more than by those who would sacrifice every other interest to that of certain favored manufactures. In the face of the example and of the experience of other nations, so strenuously appealed to, they have attempted to promote manufactures, by laying high and sometimes prohibitory duties on the raw materials,—in one instance on that of the very manufacture which was the particular object of their solicitude, in others with a total disregard for the branches which depended on the taxed material.

By the tariff of 1816, a duty of 6½ cents was laid on every square yard of cotton goods, the prime cost of which did not exceed 25 cents; and as the average rate of duties was then about 35%, it was only on goods under 18½ cents that the average rate was exceeded. But

the law at the same time recognized the principle, that a protecting duty should be temporary; and it was accordingly provided that the minimum should at the end of three years be reduced from 25 to 20 cents, or, in other words, that the duty per square yard should then be reduced to 5 cents on all goods the prime cost of which was less than 20 cents. As if to show that the object is to lay perpetual protecting duties, or a perpetual tax on the community, without any expectation that the price of the protected commodity will be reduced, the provision has in several instances been reversed, and an increasing instead of decreasing scale of duties been adopted. If a duty of \$35 per ton was sufficient in order, for instance, that American might compete with foreign flax, no provision should have been made for gradually raising the duty to \$60. If a duty of \$60 was requisite for that purpose, there could be no expectation that the flax-grower would gratuitously lose money by raising the commodity before that duty was in force. If there was an avowed want of information on the subject, it would have been a wiser course to wait till it had been obtained.

In regard to the manufactures of cotton, it has already been observed that the minimum now raised to 35 cents, instead of being reduced to 20, according to the act of 1816, is the only objectionable provision. This is a duty of  $8\frac{3}{4}$  cents on every square yard, when the prime cost is less than 35 cents. The duty is nominal in reference to most of the goods under 15 cents, which not only are afforded as cheap by the American manufacturer as the foreign article, but compete with this in foreign markets. Reduced to a duty ad valorem, it decreases on goods costing more than 15, and under 35 cents, from about 60% to 25%. We are not informed that any progress has been made since 1828, when this protecting duty was raised from  $7\frac{1}{2}$  to  $8\frac{3}{4}$  cents a yard in the

domestic manufacture of unmixed cotton goods within those prices. The mixed stuff called sattinett appears from its price to be protected only by the general duty of 25%, and yet no foreign article is imported that competes with it. The manufacture owes less to protection, and flourishes more than any other favored branch; and it does not affect injuriously any other manufacture, otherwise than by the beneficial substitution, in many instances, of cheaper for dearer articles. We do sincerely believe that the repeal of the minimum would not affect it, and that the average duty of 25% added to the charges on the importation would give it all the protection which the manufacturers ought to desire.

The important objects more particularly objectionable, are:—

Hemp, flax, and some of the manufactures of hemp and flax.

Iron, particularly rolled iron, and a few branches of the manufactures of iron.

Wool, particularly of species coarser than any native wool of the United States, and the woollen manufactures embraced by the system of minimums.

Sugar, salt, and coal.

The small quantities of American hemp which are brought to the Atlantic seaports are now sold at about \$150 per ton. The prime cost of the best Russia hemp, delivered on board, is about \$130. The subsequent charges amount to at least 18%, and it cannot be delivered in America, free of duty, under \$154; the duty is now \$60 per ton, or more than 46% on the value. It sells for about \$220. The American hemp is fit for the manufactures of common rope and cotton bagging; but, either from the effect of climate, or rather, as is generally believed, from its being dew-rotted, it is totally unfit and is never used for cables or any species

of cordage which may come in contact with sea-water. Notwithstanding the heavy duties, equivalent to more than 80% on tarred and 95% on untarred cordage, about 800 tons of that foreign article are still imported. The duty on the raw material has deeply affected the domestic manufacture, and operates as a heavy tax on the shipping interest, without affording, in that respect, any benefit to the American hemp grower.

The duty of 5 cents a yard, equivalent to 50% on the value of cotton bagging, is of the same character. Near 700,000 yards of the foreign article are still imported; substitutes made of cotton or tow have been introduced, and the domestic manufacture is seldom if ever used in the Atlantic States. Cotton bagging is exclusively used, and is absolutely necessary for the purpose of packing cotton for exportation. With respect to that which is shipped to foreign ports, the duty operates precisely as a tax on exports.

Your memorialists are averse to any duty on the importation of raw materials; but if continued, the average duty of 25% ad valorem, or the equivalent specific duty of about \$32 a ton on hemp, giving, together with the charges on importation, a protection of near 45%, to the hemp grower, would enable him to compete with the foreign article in every manufacture for which it is fitted, and continue to secure to him the market for cotton bagging, in the district of cotton country adjacent to those where hemp is raised. As a matter of course, the duty on cordage should be reduced to the same rate.

The duty on flax is a still more gratuitous and unnecessary tax. That of American growth is well fitted for all the common fabrics and uses to which it has heretofore been applied; and its comparative cheapness had always prevented any foreign competition in that respect. But it is totally unfit for the manufacture of

sail duck; and it was for this purpose that Russian or other foreign flax was imported. The prime cost of that of Russia generally exceeds \$133 a ton, and the charges are the same as on hemp. The duty is now \$50 a ton, equivalent to 37½% ad valorem, and it is to be raised to \$60, or 45% on the prime cost. The existing duty has been sufficient to reduce the importation to less than three hundred tons. Its only effect has been to affect most injuriously, the domestic manufacture of sail duck, and the shipping interest. Notwithstanding the corresponding duty of about 40% ad valorem, the value of the sail duck imported during the year 1830 amounted to near \$320,000, and that of the flax to less than \$40,000; and all the ships trading to foreign ports use, as far as practicable, the foreign article. The attempt to apply to that purpose the American flax has been a complete failure, and the duty confers no benefit on the grower.

The manufacture of cast and bar iron was one of the few which had been established in America, under the colonial Government. It owed its origin to the destruction of the English forests, and the abundance of wood in America. The price of bar iron is stated to have been at that time \$64 a ton, and to have risen to about \$80 in the year 1790. The application of bituminous coal, and other improvements in the manufacture, have produced a revolution, which has increased the annual quantity of malleable iron made in England from seventy to more than six hundred thousand tons, and has enabled her to sell the various descriptions of the species called "rolled iron" at a lower price than that at which any species whatever can be afforded anywhere else. Notwithstanding the acknowledged superiority of that of Russia and Sweden for certain purposes, the cheapness of the British manufacture has lessened the demand for that of every other country, and seems

ultimately to have affected the price of every species. Although it had not, in 1816, been yet reduced to its present rate, Congress was induced to raise, by the tariff of that year, the duty on rolled iron from 15% ad valorem, to a specific duty of \$30 a ton, equivalent at that time to about 67% on the value. This was again, in 1828, raised to \$37 a ton, which on account of the progressive fall in the price of that article, is now equivalent, according to the official statement of imposts for 1830, to an average duty of 113½% on the value of the whole amount of the different qualities of that species which are imported into the United States. The specific duty of \$9 a ton, laid in 1816, on hammered or Swedish and Russian iron, did not exceed the former rate of 15% ad valorem. It was raised in 1818 to \$15, in 1824 to \$18, and in 1828 to \$22.40, which is equivalent to a duty of 40% ad valorem.

It appears that, notwithstanding those high duties, the importations either of bar iron, or of the total amount of the manufactures of which it is the principal material, instead of being lessened, have gradually increased. The imported quantity of some of the protected branches of those manufactures has diminished; but the whole quantity imported has increased in a still greater ratio than appears by the Treasury statements. These, for the articles paying duties ad valorem, and which constitute nine tenths of the whole, give only the value, which has decreased in a ratio in some degree corresponding with the fall of the price of British iron. The annexed table shows the annual average of the quantities of bar iron, and of the value of hardware, and other manufactures of iron, respectively, consumed in the United States (deducting the exportations from the importations), for each of the periods therein mentioned.

YEARS.	Rolled Iron.	Hammered Iron.	Manufactures of Iron.
	<i>Tons.</i>	<i>Tons.</i>	<i>Dollars.</i>
1817-1820	2,237 <sup>1</sup>	16,887 <sup>1</sup>	Not ascertained.
1821-1824	4,212	23,162	2,600,000
1826-1827	5,400	22,650	3,630,000
1828-1830	6,450	31,000	3,660,000

It is difficult to estimate the progress made in the domestic manufacture, during those fourteen years, and the quantity of cast and bar iron now annually made in the United States. In a statement lately made by persons interested in the manufacture, the whole amount of bar is calculated at 112,000 tons, and the aggregate value of both cast and bar at more than \$13,000,000; but the quantity of bar iron, taken from actual returns, is less than 50,000 tons, and the residue is an estimate derived from the number of furnaces of which no returns had been obtained. Taking as a basis the returns of the marshals in the year 1810, by which it appears that the quantity of bar iron then made in the United States did not exceed 27,000 tons, and admitting that the increase must have been in the compound ratio of the increase of population, and of the diminution of price, the amount now made should be from 60,000 to 70,000 tons. This is, however, a question, which, from want of authentic materials, we shall not pretend to discuss. But supposing the quantity to be such as has been represented, the estimated value is too high. At the rate of \$85 for the bar iron, and of \$50 for the castings, the aggregate value would not exceed \$11,275,000. Those who ascribe to the tariff the fall of price ought to calculate the value according to that fall, and not according to the price of iron before it took place.

<sup>1</sup> The quantities for 1817-1820 are those on which the duties were paid, deducting drawbacks. The value of the manufactures of iron for those years is not distinguished.



Iron is a commodity too heavy to be transported beyond a certain distance. It has already been observed that the transportation from the seaports to Pittsburg costs \$40 a ton. The country west of the Alleghany mountains is not supplied with foreign iron; and, with the exception of the small quantities brought from the nearest works on the east side, must, for that article, depend on its own resources. In examining the effect of those duties, either on the home manufacture, or on the consumer, the quantity of iron made in that section of the country, and in several other remote districts, which simply supply themselves, must be deducted. The quantity and price of the imported iron can have no effect but on those districts along the sea border, and within a certain distance from it, where it can be carried, and comes in competition with the domestic manufacture.

We have not been supplied with sufficient data to form an estimate of the quantity of American which thus competes with foreign iron. But we know with precision the amount imported; and so far as relates to quantity, the only fact fully established is, that, notwithstanding the exaggerated protecting duties which they have obtained, the Atlantic iron masters have not been able to supply the wants of the country, and that, so far from effecting this object, there has been a progressive increase in the importation of both bar iron and manufactures of iron. Whether the quantity which they do supply is equal to double or treble of that which is imported does not materially affect the result, in reference either to agriculture, commerce, or the various and important manufactures of which iron is the material. So long as large quantities of foreign iron are imported, the price of the domestic manufacture has not fallen lower than the amount of the protecting duty, added to the price at which the foreign article might be

obtained if that duty had not been laid; and the difference in price, which constitutes a national loss and is paid by the consumer or manufacturer, is precisely equal to the amount of that duty. If that duty was reduced \$10 per ton, the foreign iron would most undoubtedly be purchased \$10 cheaper than it now is.

In order to repel that obvious fact, the parties interested have been compelled to assert that the fall of price which has taken place in foreign iron is due to the tariff. They insist that the effect of that measure was to cause a decline in the price of American iron, and that the foreign iron masters were thereby compelled to reduce the rate of their previous enormous profits, in order to be able to sell their iron in America. They go still farther, and assert that no sooner had the tidings of the tariff of 1828 reached England, than the owners of forges and furnaces determined, rather than lose the American market, to lower the price of their iron, at first \$4 and then \$8 per ton. The annual quantity of British bar iron imported into America during the six preceding years did not amount to 6,000 tons, worth at that time \$260,000. The total amount made in Great Britain exceeded, at that time, 600,000 tons; so that the British iron masters, rather than lose the profit they might make on a sale of \$260,000, must have determined, by a general reduction of \$8 a ton, to incur at once a loss of near \$5,000,000 a year. It is hardly necessary to argue this point. If even the decline of price had commenced in America, it is impossible that any differences affecting the sale of 6,000 tons could have any effect on the price of a mass of iron amounting to 600,000, and annually increasing. But no fact is better ascertained than that of the gradual — and, with the ordinary fluctuations incident to trade, continued — fall of the price of British iron. It must be remembered that the tariff of 1828 made no change in the rate of duty on

the Swedish and Russian. We are less acquainted with the causes of the fall in their price. The most obvious is the great supply furnished by England to those nations that have not, like France and the United States, prohibited or heavily charged her iron, and which must have necessarily lessened the demand for the dearer article imported from the Baltic.

The supposition, that the decline of the price of American, instead of being the necessary result, was the cause of the fall of the price of Baltic, and even British iron, rests, besides, on another supposition, to wit, that the tariff did, immediately, and even before any new works had been erected, produce the fall in the price of American iron. This needs no elaborate refutation; but we may be permitted to ask an explanation.

In the beginning of the year 1828, when American iron sold at \$100 in our seaports, the American owners of forges and furnaces declared themselves unable to compete at least with British iron. Now the importation of neither that or any other of foreign origin had lowered for a number of years the sale of theirs below that rate; and it is evident that, in asking for further protection, their object was not to cause a fall in the price of their commodity, which, according to all their statements, they could hardly afford at that rate. It was on that account that the additional protecting duty of \$7 on rolled iron was granted, although at the then existing rate of duty, the interference of that species did not amount to 6,000 tons a year. The price of the same American iron has now sunk, for near two years, in our seaports, to \$85 a ton. With this diminution the iron masters are satisfied; the business, as they say, has increased 25%, and new works are being created everywhere. During that time, neither the price of labor, charcoal, provisions, or other supplies, has been diminished. To what cause, then, is the fall

of price to be ascribed ? We have heard of no improvement made in the manufacturing process in the charcoal country ; but whether this has taken place or the profits have been reduced, it is equally clear that this might have been voluntarily done without the additional tariff, and has been done because the tariff had no effect on the importation, and was forced on the iron masters by the unexpected fall of price in the British and other foreign iron.

We need not dwell on the injustice and mischievous effects of an exaggerated duty on an article of such general use as iron. It falls upon the farmer, the mechanic, the shipping interest, and on every branch of the iron manufacture, those few excepted which have been embraced by the partial protecting system ; and it operates, in the most unequal and unjust manner, on those parts of the country which have no iron of their own, and might be supplied on cheaper terms under a rational system of moderate duties. The only reason why the extravagant duty is not universally opposed is because the tax thus laid on the agriculturist and the mechanic is spread over such an extent of country, and falls upon so many, that the amount paid by each, levied as it is indirectly and in small portions at a time, is not generally understood. Those who do understand and feel it have not individually a sufficient interest in the result to induce a general and efficient combination. The law has created a monopoly in favor of the owners of beds of ore, who, unable to supply the wants of the country, will not permit it to be supplied from other quarters. They may easily combine, and their interest, when compared with that of the mechanics and scattered agriculturists, has, here as elsewhere, been found too powerful. This is so true that when an equally or more powerful interest was opposed to theirs they were obliged to yield, and the importation of iron intended

for railroads was permitted under the moderate duty of 15%. We approve this measure as being founded on the best interests of the country. We only ask that the same principle be applied to the community at large. There is no other difference between this case and that of agriculture, or any other important branch of industry, than that, in one case, the amount of the tax, presented as a whole, made its pernicious effects at once visible, whilst divided, in the other, amongst 50,000 individuals, the aggregate, though equal in amount, does not attract notice.

The injurious effect which the duty has on the numerous mechanics employed in the various manufactures of iron has been so ably and forcibly exposed in their representations to your honorable body, that we have nothing to add on that subject; but, as we beg leave respectfully to refer to their memorials, we must do it with one exception. So far as we are informed, we are induced to believe that they have overrated the quantity of iron contained in the hardware imported into this country, — an error which, if it is one, does not weaken their arguments respecting the main question at issue. The leading facts are, that amongst the foreign manufactures imported into the United States, hardware, cutlery, and all others of which iron is the material, are exceeded only by those of cotton, woollen, and silk stuffs; and that the prime cost of the quantity annually consumed amounts to \$3,500,000, whilst that of the bar iron imported from England, whence the manufactures of that metal are almost exclusively imported, does not amount to \$240,000. Whatever may be the quantity of bar iron used in the manufacture of the hardware and other articles thus imported, it interferes equally with American bar iron, whether imported as a raw material or in its manufactured state. If the quantity thus used does not, as is asserted, exceed

9,000 tons, the prime cost of which is less than \$350,000, the duty which prevents its importation arrests the progress of those branches of industry which would otherwise convert that raw material into manufactured articles, worth \$3,500,000. The working men, who are able and willing to apply their labor to this highly desirable and truly profitable object, do not ask your honorable body for any extraordinary protection, but only that the impediments arising from an extravagant protecting duty on the raw material may be removed. There cannot be a stronger illustration of the effect produced by the restrictive system in arresting the natural progress of American industry, and diverting it from profitable to unprofitable pursuits. The remedy proposed by the restrictionists, like that of those legislators who never can find any other for the prevention of crimes than to multiply the number of offenses for which capital punishments shall be inflicted, is to extend what they call protection to those who suffer under the pernicious effects of their system. They simply propose to aggravate the evil and to increase the amount of the national loss, and of the tax paid by the consumers, by converting that branch of industry which can sustain itself and would prosper, were it not for their interference, into another privileged manufacture, which must be supported at the public expense, and could not then supply the wants of the country.

The average prime cost of the hammered iron imported during the year 1830 was, according to the treasury statements, \$57 a ton, or \$7 less than the average price of the five preceding years. The charges amount to \$10, and, with a duty of 25%, it could not, at that rate, be delivered in our seaports for less than \$82. Its average price in New York during that year was \$91, varying from \$85 to \$100.

The average prime cost of the various descriptions of

rolled iron imported during the same year was \$32.50; the charges may not amount to more than \$3.50. Its average price in New York during that year was \$74.50. Under a duty of 25%, it might, at the same prime cost, be delivered in our seaports at \$45 a ton, and the inferior qualities at a lower price. The principal, and, as it appears, a permanent cause of that reduced price is well known to consist in the comparative price of fuel.

In Staffordshire, seven tons and three quarters of bituminous coal, costing \$8 to \$9, are necessary to convert the sufficient quantity of ore into a ton of bar iron. It appears by the evidence taken by the Committee on Manufactures in 1818, that about five hundred bushels of good charcoal, costing \$27, were necessary to make a ton of Juniata bar iron. The expense in New Jersey for the same object is stated at \$42. The average difference of cost between charcoal and bituminous coal iron appears on that single item to amount to \$24 a ton. It seems impracticable that iron made with charcoal can ever compete in cheapness with that made with bituminous coal. To persevere, therefore, in the attempt, through the means of a duty which exceeds 100% on the value, is to impose a perpetual tax on the community for that purpose. It is not a temporary duty imposed under an expectation that competition will ultimately reduce the price. After every possible improvement shall have been introduced, the utmost skill applied, and the profits been reduced to the lowest rate, the difference of price arising from that in the price of fuel will still remain. A happy application of anthracite coal to the manufacture of iron, the discovery of new beds of bituminous coal, the erection of ironworks in the vicinity of the most easterly beds now existing, and the improved means of transportation which may bring this at a reasonable rate to the sea border, may hereafter enable the American iron master to compete

in cheapness with foreign rolled iron in the Atlantic districts. On those contingencies the tariff can have no effect. To persist, in the present state of the manufacture, in that particular competition, and for that purpose to proscribe the foreign rolled iron, is to compel the people to substitute for an indefinite time a dear to a cheap article.

It is said that the British imported iron is generally of an inferior quality; this is equally true of a portion of that which is made in America. In both cases, the consumer is the best judge, has an undoubted right to judge for himself, and should not be prevented by any artificial means from selecting the species he prefers. Domestic charcoal iron should confine itself to a competition with the foreign iron made with the same fuel. Since this is of a superior quality, the object here should be to improve the quality. There is no reason why, by using the proper means, American iron made with the same materials may not, for most purposes, compete with that imported from the Baltic, with a protection which, including charges, would not fall short of \$24 a ton. In order, however, to lessen the immediate effect of too great a reduction of the duties on rolled iron, your memorialists would respectfully suggest that the distinction now made, and exceptionable in other respects, between rolled and hammered iron, should be abrogated; and that an equal duty of about \$14 a ton, corresponding with a duty of 25% on the value of the whole amount of both species now imported, should indiscriminately be laid on every species. This is one of the cases in which the duties may be arranged with propriety and convenience, without varying materially from the principle of a uniform duty.

Your memorialists believe that the ultimate reduction of the price of American to that of the British rolled



iron can duly, and ultimately will be accomplished in that western region, which abounds with ore, and in which is found the most extensive formation of bituminous coal that has yet been discovered in any part of the globe; and this also lying so near the surface of the earth, as to render the extraction of the mineral less expensive than anywhere else. But a considerable period of time must elapse before the wants of a population that increases with such unparalleled rapidity can be fully supplied; and, in the mean while, the western country is not, in any degree, affected by the duties on that article.

The duties on hemp, flax, and iron, are all injurious to the shipping interest. Those paid on a ship of five hundred and seventy five tons, built in the city of New York in the spring of 1831, were as follows:—

Hemp, 29,288 lbs. of tarred and untarred cordage . . . . .	\$1,199 98
Flax, 3,337 square yards of canvas . . . . .	333 70
Iron, 22,612 lbs. cables . . . . .	678 36
6,121 lbs. anchors . . . . .	122 42
Tons, 17 18 2 5 in hull and spars, near $\frac{1}{3}$ Russian, $\frac{2}{3}$ English . . . . .	576 77
	<hr/> 1,377 55
	<hr/> \$2,911 03

The same duties on a ship of 518 tons built in Boston are rated at \$2,653; adding those on bolts, spikes, lead, paint, oil, etc., which on a vessel of that class amount to about \$600, the total amount is near \$6.25 a ton. Reduced to a duty of \$14 a ton on the iron, and of 25% on the other articles, they would amount to less than \$2.25. The extra or protecting duties impose a tax of \$4 a ton on all the ships intended for the foreign trade that are built in the United States. Those

ships may be computed to last ten years; and the tax on the construction, with interest and insurance, is equivalent to an annual tax of forty-two cents a ton. An equal sum must be added for the extra duties paid on the purchase of new sails, and that portion of the annual expense that consists of dutied articles. This annual tax of eighty-four cents is equivalent to a tonnage duty of more than fifty-six cents a ton on each voyage, since the whole registered tonnage amounted, at the end of the year 1829, to 650,000, and the whole that entered the ports of the United States during the year 1830, to 967,000 tons. From that indirect tonnage duty, foreign vessels entering the ports of the United States are exempt in whole or in part, according to the system of duties adopted in the countries to which they belong. Those duties are much lower in England, and the vessels of the Hanse towns are not subject to any. It is only by the greatest application of skill and intelligence, as well to all the various branches of industry employed in shipbuilding as to the art of navigation, that the United States vessels are able to compete with those of every other nation. The symptoms of an unfavorable change in the proportion between American and foreign tonnage employed in the American trade, and of an actual diminution in that of America, deserve serious attention, and may be fairly ascribed to the pretended protecting system which imposes on it an annual tax of \$540,000. The same protecting duties impose a similar tax on the coasting tonnage, though less in proportion, the vessels in that branch using a less quantity of taxed articles; it falls on the consumer, but does not materially interfere with the American navigation.

The laws which regulate the coasting trade have, in imitation of those of all other nations, given its monopoly to the American ship owners, without accelerating

the increase of its amount. Such is the situation of the United States, in relation to all other countries, that the effect of this monopoly has ever been, and continues to be, almost nominal. It is believed that the coasting trade of the United States might be opened to all nations without sensibly affecting the American shipping interest; and it will be admitted that a protection against foreign interference not greater than that which is extended to every other branch of American industry, or a duty of 20% on the freight, would in this instance be prohibitory. But the American navigation employed in the foreign trade does not require or ask any special protection, and complains only of that inequality which is produced by the laws of the United States.

It has been asserted that the growth and prosperity of that navigation were due to the protection afforded by the former discriminating duties on foreign vessels. That protection did not exceed that which by the then existing duties had been given to every other branch of American industry; and it is notorious that its rapid increase between the years 1793 and 1811 was due much more to the general European war and to the neutrality of America than to the discriminating duties.

The first complete return of the registered tonnage is that for the year 1790, when it amounted to 346,000 tons. Those returns are generally liable to the same objection as those for the coasting tonnage. The amount of registered tonnage for the year 1828 was stated at 812,000 tons, when, in reality, according to the correction since made at the treasury, it was but 656,000 tons; and there was an actual decrease of 6,000 tons during the year 1829. In a period of thirty-nine years, while the population has more than trebled, the American navigation employed in the foreign trade has only increased 88%. If we could be tempted to argue in the same manner as some of the advocates of restrictions,

we might recur to the official returns and assert that in the year 1801 the registered tonnage amounted to 718,000, and, on account of the treaties of Amiens and Luneville, fell at once, in the year 1802, to 560,000 tons ; but we happen to know that the amount was corrected, and is truly stated for 1802, whilst that stated for 1801 and the immediately preceding years was erroneous and exaggerated. We have also been informed that the great apparent diminution, from the amount stated for the year 1817, at 809,000, to 606,000 tons in 1818, is owing to a similar correction, which took place in the last-mentioned year. We then find that, from 1790 to 1793, when the general European war commenced, the registered tonnage had increased from 346,000 to 367,000 tons, or at the rate of 7,000 tons a year ; between 1793 and 1802, from 367,000 to 560,000 tons, or at the rate of more than 21,000 a year ; and between 1818 and 1828, from 606,000 to 656,000 tons, or at the rate of 5,000 a year. The comparative rate of increase during the second of those periods sufficiently shows the much greater effect produced by the neutrality of America during a general war, than by any other cause whatever. No comparative inference can be drawn from the period extending from 1802 to 1818, as it embraces years of neutrality, of war with England and of general peace. The increase for those fourteen years was only 40,000 tons ; but, notwithstanding the general incorrectness of the intermediate returns, they show, at least, that there had been a continued and great increase as late as the year 1811, the return for which was, it is believed, also corrected. A still more forcible view of the subject is exhibited in the comparative amount of American and foreign tonnage annually entered into the ports of the United States, from the year 1790 to this day, respecting which reference is made to the returns and reports already before Congress.

But the discriminating duties were not at all intended for the purpose of excluding foreign navigation from a fair and equal competition with that of the United States, in the transportation of the objects of commerce between them and foreign countries. Those duties were avowedly retaliatory, and intended for the purpose of inducing those nations to repeal the duties of a similar nature, which they had imposed on the American navigation. Their sole object was "free trade;" and the object has been attained, because, in that case, the means are adapted to the purpose, inasmuch as the retaliation operates directly on the subject of contention. Treaties or arrangements, founded on reciprocity, and establishing a perfect equality, have been substituted to the discriminating duties, by which that object was but imperfectly obtained. When the complaint is made that this happy state of things is disturbed, and that an inequality injurious to American industry is the result of the acts of our own Legislature, the restrictionists, who consider their panacea as a universal remedy, coolly answer that further protection shall, if desired, be extended to the American navigation; that is to say, that, still leaving the evil now complained of to operate, the discriminating duties which cannot remove it shall again be reinstated, and the convenient existing compacts shall be abrogated.

The duties on woollen manufactures in general, were, by the tariff of 1816, fixed at the rate of 25% for the term of three years, after which they were to be reduced to 20%; but this last limitation was, in 1818, postponed till the year 1826. Blankets, worsted or stuff goods, and unmanufactured wool, remained subject to the duty of 15% ad valorem.

By the tariff of 1824, the duty was raised to 25% on worsted stuff goods and blankets; and to 33½% on flannels and baizes of any price, and on all other manu-

factures of wool, the prime cost of which exceeded 33½ cents per square yard; those not exceeding that price remained charged with the duty of 25%. By the same law, the duty on wool, unmanufactured, was raised to 20%, increasing after two years to 30% ad valorem, but that, the prime cost of which did not exceed ten cents per pound, remained charged with the duty of 15%.

Wool had never been imported free of duty; and when that on woollen manufactures was being increased by the tariff of 1824, it was natural for the agriculturists, whose interest has, in every country, so often been sacrificed to the combinations of manufacturers, to seek an indemnity in a protecting duty on the corresponding agricultural product. That fixed by the tariff of 1824 was also below the average rate of duties, and no otherwise objectionable than as a tax on a raw material. Experience, however, soon proved that this measure was founded in error, and had depressed instead of promoting the manufacture intended to be protected.

The manufacturers, examined by the Committee on Manufactures in 1828, generally agreed in stating that their business was in a more flourishing state before than since the tariff of 1824; and that the unfavorable change was in a great degree due to the increased duty on wool. Some of them asserted that they could manufacture cloth as cheap as in England, provided they could obtain the raw material on the same terms. This should, it seems, have pointed out the true remedy. That adopted by the restrictionists was, first, to impose on the lower-priced coarse wool, which this country does not produce, and had been excepted from the provisions of the tariff of 1824, a duty varying, in inverse ratio of the prime cost, from 90% to 150%, and, of all the other species, a duty varying, in the same inverse ratio, from more than 50% to 90%; and, secondly, to

raise the duties, particularly on flannels, baizes, and cloth of every description, to a rate corresponding with that on the wool, in some instances exceeding 200%, and on the uniform principle that the coarsest and cheapest articles should be charged with the highest duty in proportion to their value. It does not appear that a true and efficacious remedy can be found against that intolerable grievance, without either modifying and considerably lessening the duty on wool, or abandoning altogether the woollen manufacture.

The profit on raising sheep must depend on the cost of winter feeding, the price of the meat, and the quality of the wool. The severity of our winters gives an advantage, in the first respect, to many countries, and particularly in England. As mutton can be used only as fresh meat, its consumption and price uniformly depend on the vicinity, the number and the population of towns and villages; and that item forms, accordingly, a much less portion of the profit in the greater part of the United States than in most parts of Europe. It will, it is believed, be universally admitted that sheep cannot be profitably raised in the United States, unless the price of the most common, or what is called native wool, be at least twenty to twenty-five cents the pound. Flannels, therefore, and the coarser kinds of cloth, never can be afforded at a reasonable price by the American manufacturer, unless the low-priced wool with which those articles are made everywhere else, and which cannot be profitably raised in America, shall be imported free of, or under a very moderate duty. These are the species which now pay from 90% to 150% on the value. The prime cost of Smyrna wool is less than ten, and that of Buenos Ayres less than four cents a pound. They now pay, at those rates, nine cents and six cents, respectively.

It is evident that the only means by which the raising



of sheep can be rendered truly profitable is by improving the breed, and the quality of the wool. This is what has been done in Prussia, several parts of Germany, and particularly Saxony, under a climate as severe as that of the Middle States; and, in many instances, in districts where nearly the whole profit arises from the sale of the wool. This has also been done without any special protection, and with such complete success as to rival, and in the finest kinds to supersede in foreign markets, the first-rate wools of every other country. There is no reason why the same result may not be obtained in the United States by the same means. There is no reason why the American farmers, decidedly superior in intelligence and activity, should not succeed as well as the inhabitants of a country which enjoys no superior advantage in any other respect. All that is requisite is that they should apply their skill to objects within their reach, and attend to quality rather than to quantity. When, through the artificial aid of a duty which, including the charges on importation, amounts in every instance to more than 60%, sheep are suddenly multiplied, without much regard to the quality of the wool, the superabundant quantity soon gluts the home market; and as, so long as no improvement has been made tending to reduce the cost of production, it cannot be exported with profit, a great and ruinous depression of price necessarily follows. We find, accordingly, that notwithstanding the exorbitant duty on importation, the price of American wool, as taken from the New York prices current, was lower in the years 1828 and 1829, and during the first part of the year 1830, than it had been during the preceding years.



YEARS.	Merino.	Native.
1826 . . . .	35 to 62½ <i>aver.</i> 48	28 to 38 <i>aver.</i> 30
1827 . . . .	30 - 45 - 40	20 - 30 - 25
1828 . . . .	30 - 45 - 41	18 - 30 - 24
1829 . . . .	32 - 38 - 34	18 - 25 - 21½
1830, Jan. to June . .	30 - 40 - 34½	16 - 25 - 18½
- July to Dec. . .	35 - 60 - 46	20 - 30 - 25
1831 . . . .	35 - 70 - 54½	20 - 35 - 27½

The late rise will not, from present appearances, last long; and frequent depressions are the necessary consequences of an illusory encouragement, and a single and limited market.

When we are told of the consumption of woollen goods in the United States amounting annually to \$60,000,000 or \$70,000,000, this includes not only all that is imported, but that large quantity of household manufactures with which five-sixths of the population of the United States, at least north of the Potomac and Ohio, have always been clothed. These, made of the native wool, within the families of the farmers, are in fact "so much saved," and far more important, useful, and profitable, than all the recent factories; but they are neither affected by the price of wool, nor form any part of the home market for it. The following table shows the average annual value of the imported woollen goods, of every description, which have been consumed in the United States during the last ten years, viz. :—

YEARS.	Flannels.	Cloths and Casimeres.	All other.	Total.
1821-1824	\$————	6,002,000	2,966,000	8,968,000
1825-1828	639,000	4,378,000	3,849,000	8,866,000
1829-1830	189,000	3,224,000	2,708,000	6,121,000

The manufacturing establishments cannot, at most, have increased their supply beyond the void occasioned by the decrease of foreign imports, or about \$3,000,000 a year, and probably much less ; as it is very improbable that, under highly increased prices, and with substitutes at hand, the consumption of woollen goods should not have been considerably diminished. If they have superseded any portion of the household manufactures, this has not increased the quantity of wool required. That wanted for the increased supply of \$3,000,000 worth of imported goods, chiefly broadcloths and casimeres, and which the manufacturers probably sell for \$1,000,000 more than the imported articles would have been sold for under the former 25% duty, cannot exceed 6,000,000 pounds ; of which 1,000,000 pounds a year was still imported in the years 1829-1830 ; 5,000,000 pounds is, therefore, the utmost amount of the increased supply of domestic wool for which the manufacturing establishments have given a market since the year 1824.

The object of the wool-growers is, that that market should be enlarged ; but this cannot be done effectually, unless the domestic manufacture is firmly established ; and, for that purpose, it is necessary that the raw material should be obtained on reasonable terms. To enhance its price by persevering in the existing exorbitant duties, is not less inconsistent with sound policy than with justice. It is impossible that the present system of minimums can be sustained ; and it is the true interest of all the parties concerned that the duties on wool, as well as on the manufactures of wool, should be considerably reduced. A domestic manufacture may often be advantageously prosecuted, though the raw material should at first be procured from abroad. Throstling mills are already established, which are employed on foreign silk. It is not perceived that there is any more difficulty in establishing silk than woollen

manufactures; and if this was successfully attempted, it would be a most wretched policy to lay a duty on foreign, in order to encourage the cultivation of domestic silk, although every one acknowledges the practicability and high importance of adding this to our agricultural products. The value of the hides and raw skins imported free of duty, and consumed in the United States, has for the last nine years exceeded \$1,800,000 a year. It is evident that if, in order to protect the raising of American cattle by giving an additional value to the hide, a high duty had been laid on those imported, the domestic manufacture of leather in all its branches, instead of being in its present flourishing state, would have been most materially injured, and we should have been obliged either to import from Europe, or to purchase at exorbitant prices, all those articles which it now supplies at a moderate rate. The reduction in England of the duty on foreign wool to four cents a pound has caused a fall in the price of woollen goods, without injuring the wool-grower at home. The free introduction of the species not raised here would, by encouraging the manufacture generally, ultimately enlarge the market for the domestic wool. It is the only way to introduce the manufacture of blankets, and to reduce the price of home-made flannels and of the coarser species of cloth.

The manufacturers asserted, in 1828, that they were materially injured by an extraordinary influx of foreign goods, which has been shown not to have taken place, and by presumed frauds on the revenue, of the existence of which at that time no evidence has ever been given; and they declared that the domestic manufacture could not be efficiently protected unless the imported woollen goods were charged with a specific duty. The extraordinary system of minimums grew out of that suggestion. By the tariff of 1828, the duty on blankets and

hosiery was raised to 35% ad valorem; worsted goods remained at 25%; a specific duty was laid on carpets, equivalent to an ad valorem duty of about 60%; and that on ready-made clothing, and on the other woollen manufactures, the prime cost of which exceeds \$4 the square yard, was increased to 50% on the value. All the other manufactures of wool, or of which wool is a component part, were divided into five classes, on which, although the name of a duty of 45% ad valorem was preserved, the following specific duties per square yard were respectively laid:—

1. On those, except flannels and baizes, the prime cost of which does not exceed  $33\frac{1}{2}$  cents the square yard, 14 cents.

2. On all flannels and baizes, the prime cost of which does not exceed 50 cents, and on all other goods the prime cost of which is from  $33\frac{1}{2}$  to 50 cents the square yard,  $22\frac{1}{2}$  cents.

3. On all those, the prime cost of which is from 50 cents to \$1 the square yard, 45 cents.

4. On all those, the prime cost of which is from \$1 to \$2.50 the square yard, \$1.12 $\frac{1}{2}$ .

5. On all those the prime cost of which is from \$2.50 to \$4 the square yard, \$1.80.

Those several rates are equivalent to ad valorem duties, varying, in the first class, from about 80 to 42%, in the second, including baizes and flannels, from 200, in the third from 90, in the fourth from 112 $\frac{1}{2}$ , and in the fifth from 72 to 45%. The duty is, in each class, invariably laid in inverse ratio of the prime cost, that is to say, that, in each class respectively, the lowest priced cloth is charged with the highest duty. Flannels and baizes were excepted from the first class, in consequence of which the cheapest sorts are charged with a duty equivalent on the low priced flannels to 100, and on the cheapest baizes to more than 200%.

It is easily perceived that the true object of that outrageous system was not, as was alleged, to prevent frauds, but to give to the manufacturer the exclusive monopoly of the lower priced woollen goods in each class respectively. So far from preventing frauds on the revenue, the temptation to commit them has evidently been greatly increased by that system ; and there is the same difficulty in determining by an appraisement the class to which the imported article belongs, as there was before in ascertaining the value. Specific duties can be laid only on commodities which are nearly of the same value, or between the several species of which there is an obvious and distinct difference.

The woollen tariff of 1828 is the masterpiece of the ultra restrictionists, and exhibits all the worst features of the system. The most conspicuous is the total and blind disregard for every other consideration, for any other interest but that of the privileged manufacture. After having made certain classes at random, without the least inquiry whether the manufacturer was able or prepared to supply the species in each class of which that arrangement gave him the monopoly ; after having sacrificed, without mercy, the poorer classes of society, and compelled the less wealthy in each class to purchase the more expensive kinds of cloth, which, coming nearer the minimum, could alone be imported ; after having blindly neutralized, by the exorbitant duty on wools, the benefits intended to be conferred on the American manufacturer, it is not astonishing that no attention should have been paid to the vexations and losses imposed on the American importer, to the comparative advantages resulting to the foreign importing manufacturer, and to the demoralizing effect of the law.

The return of a general peace necessarily gave to the subjects of foreign nations a share in the importing commerce of the United States. The British manufac-

turer, particularly, is anxious to send abroad, without calculating or regarding the wants of the country to which he exports, all the goods for which his home market and the regular foreign demands do not afford a vent, and which he cannot, without great injury to himself, keep beyond a certain time. This irregular trade promoted, and in its turn has been greatly encouraged by the general system of public auctions. The importations from England were, before the tariff of 1828, about equally divided between the American importer and the British manufacturer, who, though the whole amount of the woollen branch is curtailed, engrosses now more than two thirds of what is still imported. This was an unavoidable consequence, both because he pays less regard to the loss arising from an improvident importation, and on account of the strong temptation under the system of minimums to undervalue the merchandise. Under moderate duties *ad valorem*, frauds on the revenue of that description are rare, because a great alteration is easily detected, and the illegitimate profit made by one that may escape detection is inconsiderable. But, when by such as the most vigilant and skillful appraisers or other officers find it extremely difficult to ascertain, and respecting which they often differ, the goods are thrown into the next inferior class, and a profit of \$1 made on the running yard of broad-cloth, those over whom we have no control, and who may be destitute of principle, will make the attempt.

With the most earnest desire that frauds should be prevented, your memorialists will however observe, that the effect of those which have been committed, and which they have no wish to disguise, has not been to reduce the price of the goods, and in that respect to lessen the protection given by the tariff to the manufacturers. The amount ascertained is comparatively small, and the cloths fraudulently underrated have been

sold at the same rate as those of similar qualities which were fairly imported. These have been sold with some profit in spite of the high duty; and no other general reduction in the price of woollen goods has taken place in the United States, than that which has been the consequence of the fall, during the two last years, in the price of the British manufacture, — a fall due to the combined effect of a lessened demand, and of the free importation of foreign wool in that country. But the existing laws are, under the protecting system, equally vexatious to the fair importer, and inefficient for the prevention of frauds.

The great revenue derived from duties on importations, had heretofore been collected with facility and the utmost fidelity. This result, almost exclusively due to the probity of the American merchants, to the sanctity of oaths, and to the moral feeling of the country, does not seem to have been sufficiently appreciated. The new regulations are general: each package must contain none but goods of the same value; but passing over this, and others of a similar nature, which can hardly be carried strictly into effect, the American importer, of the most unblemished character, is liable to the insufferable grievance of having his goods subjected to a critical and very uncertain appraisement of their presumed value abroad, after having been required to declare, under the solemnity of an oath, the price at which they were actually purchased. On the other hand, merchandise is imported on foreign account, to order as it is called, when the nominal consignee can only certify that he has no other invoice than that produced at the custom-house; and nothing is required from the owner or his real agent. It is impossible to place reliance on the valuation given by parties interested, over whom, personally, neither the laws or public opinion have any control, and who are not bound to the

country by any tie of patriotism or common interest. The requirement of oaths and the system of appraisements are irreconcilable. If no other remedy can be devised, it would be preferable either to have all the imported merchandise appraised according to its value in the port of importation, provided uniformity of valuation in the several seaports can be secured; or, as is said to answer the purpose in other countries, to let the importer declare the value, with the reserved right to government to take the goods at a small advance upon it.

These difficulties might all be avoided by an abandonment of the system of high duties. Yet, frauds may be prevented by a rigorous inspection, and provision may be made against mere evasions. There can be no difficulty in preventing the importation by a merchant, of bar iron under some disguised name or form, or by a manufacturer, of ready dyed woollen yarn, which happens to pay a less duty than wool. What is only an imperfection in the system may be corrected. But there are certain limits in the rate of duties which no government ever can exceed with impunity. If fraud has been suppressed, smuggling invariably takes place, whenever the risk of seizure, added to the ordinary charges of importation, is less than the difference between the respective prices at the place whence imported and that at which the smuggled article is delivered. That risk is calculated in the same manner and with more certainty than that of capture in time of war. In all countries where the prohibitory system prevails, the business is properly subdivided and carried on as regularly as any other; and the advance paid by the importing merchant on the prime cost is known to everybody, and designated by the name of "premium on contraband." The insular situation of Great Britain, and the "preventive service" in which a portion of her naval force is employed, have not protected her against



that evil, to which no efficient remedy can be found but a reduction of the duty. We may affirm from an authentic source, that, according to the calculation of those who have the best means of information, not more than one half of the French brandy consumed in England pays the duty.

In France, the number of persons employed in the collection of the customs, consisting principally of inspectors or tide waiters, or those who perform the same duties on the land frontier, has been officially stated to amount (deducting 3,000 employed on the salt excise) to more than 23,000. The premium on smuggling generally varies according to the value of the article, from 5 to 25%. It has been repeatedly acknowledged, and its amount stated by the organs of the government, in their official communications to the legislative body. More than four fifths of the finer sorts of spun cotton used by the French fabrics of muslin are smuggled from abroad; and government, as a proof of its vigilance, asserted that the premium paid by the manufacturer had been raised on that article from 25 to 40%. It may be added that fifty years ago the number of persons employed in suppressing contraband in France amounted, as now, to 23,000; and that a minister who, so far from belonging to what is called the modern school of theorists was desirous to prevent, as far as practicable, the introduction of foreign manufactures, considered a duty of 15% ad valorem as the limit beyond which illicit importations could not be prevented. The facts are notorious, denied by no one, and occur whenever the duties are too high. If inquiry is made, why then a duty equal to the premium is not substituted, the uniform answer is, that the combination of the persons interested is too powerful: in England, the West India interest, and the Scotch distilleries; in France, the union of the various manufacturers, and sometimes of certain descriptions of

landholders. Thus, when it was lately suggested by the iron-masters of the northern departments that the prohibitory duty on iron might be reduced, provided that on the coal of Belgium was repealed, this was successfully opposed by the owners of forests in the vicinity, and of distant coal mines, who declared that no measure could be more ruinous to France; whence it may be concluded that the acquisition of Belgium would have been a great misfortune to her. But if it is asked, why the manufacturers prefer the prohibition to a duty equal to the premium on smuggling, it is because they know that the amount fairly imported is, on payment of the same duty or premium, always greater than that which is smuggled; and that, callous to any other consideration than their own interest, they are careless of the effect produced on the habits of those actually employed in smuggling, and on the moral feeling of the community. Those habits may engender as many crimes as the game laws; custom-house oaths may be daily violated, and become a by-word; still the protecting system must be preserved.

The extensive land and sea frontier of the United States offers more facilities for smuggling than are found in almost any other country; and unless sustained by the community, government will find itself unable to prevent it. Public opinion and reverence for the law may, for a short time, prevent the evil from reaching its full extent; most American merchants would rather withdraw from business than receive goods on which the duties had not been paid. But their place will be filled by others less scrupulous. If cupidity could induce even Americans to engage in that most nefarious of all pursuits, the slave trade, adventurers will never be wanting to carry on an illegal trade whenever it ceases to be disgraceful in public opinion. It affords no apology to the offender; but government is

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responsible for the offenses which are the necessary consequences of its legislation, and that system cannot be too much reprobated which has an unavoidable tendency to corrupt the moral feeling of the community.

The cultivation of sugar in Louisiana was not due to any special protection, but grew out of that which was incidentally given by the revenue duty of two cents and a half per pound. An additional encouragement was unfortunately given in 1816 by raising it to three cents. Whatever may be the difference of opinion on that subject, the statements given by the planters and laid before Congress are perfectly fair, and give all the necessary information. It appears clearly that, with the exception perhaps of the most southerly part of the State, the climate renders that cultivation so precarious that without the assistance of a protecting duty it cannot be carried on profitably. The expenses, even in seasons that were not unfavorable, are stated at three cents and a half a pound. The great value assigned to the capital laid out, and which consists almost exclusively of land and slaves, is clearly due to that particular cultivation and to the duty in which it originated. But if that value was even reduced to one half of the estimate; if the slaves, instead of \$600, were only valued at \$300, which was probably the price actually paid by Louisiana, it appears quite improbable that, with the exceptions already made, the profits should be sufficient to enable the planter to persevere, without the assistance of some duty, in raising sugar, during the general depression in the price of that commodity.

The annual average quantity of imported brown and clayed sugar, on which the duty was collected during the years 1826-1830, amounts, after deducting the drawbacks, to 65,000,000 pounds. The average crop of Louisiana during the same period of years, does not appear to have amounted to 60,000,000. There is not

the slightest probability that the quantity wanted for the consumption of the growing population of the United States can at any time be supplied by Louisiana, and the other districts where the cultivation of the sugar cane may be forced. Should it reach that point by a temporary increase, much more rapid than that of the population, it would be but for a short period. But not even during such period, or at any other time, would the price paid by the community be reduced, since this could only be effected by a reduction in the cost of production, which is impracticable.

The question therefore is, whether, when this high duty is no longer wanted for the purpose of revenue, a tax amounting now to 100% on the value, and in the whole to more than \$2,000,000 on an article of food, which as a necessary of life stands next to bread and meat, shall be laid in perpetuity on the people of the United States, in order to render the labor of twenty thousand slaves more profitable to their owners than if applied to some other species of cultivation, or than slave labor is in any other State. It must be admitted that the repeal of the duty would be ruinous to those who have made investments in lands and slaves, since the artificial rise in their value has taken place; but that is the whole extent of the evil. It bears no comparison with the national loss paid by the consumer, which a continuation of the duty would perpetuate. It would in this, as in many other cases, be much cheaper to indemnify the parties interested, than to persevere in fostering a branch of industry, in the prosecution of which, to use the expression of the planters, they are "warring against nature." It is not, however, proposed to repeal, but to reduce the duty to a rate nearly approaching that of a general uniform duty *ad valorem*; and in doing this we would not take as a criterion the present depressed price of sugar, — a price which ap-

pears to be, even in the West Indies, below the cost of production.

According to the Treasury statements of commerce, the average price of imported brown sugar, at the places whence imported, was : —

In 1830 . . . . .	5 cents.
In 1829 . . . . .	5½ cents.
In 1828 . . . . .	6 cents.

Assuming six cents as the medium and remunerating price in the West Indies, an ultimate but gradual reduction to one cent and a half per pound would considerably lessen the injury to those who, relying on a continuance of the duty, have made investments at the elevated artificial prices due to it; and might probably permit the owners of the plantations most favored by soil and climate to continue the cultivation of that product.

The prime cost of both salt and coal is, according to the official statements for the year 1830, 12½ cents a bushel. The duty is, therefore, for the first 160% ; and for the last, near 50% on the value. Both are necessities of life, and used in quantities nearly equal, by the poor and by the rich. Salt is essential to agriculture ; the duty falls almost exclusively on the greater portion of the inhabitants of the Atlantic States, and its repeal would affect no other interest, but that of some inconsiderable establishments in a few places on the seashore. The imported bituminous coal may be applied to uses for which anthracite has been found unfit, such as several manufactures, the steamboat navigation, and iron works on or near tidewater. The duty now falls exclusively on the northern seaports, particularly New York, and is most oppressive on the most indigent class of society. The only objection to a reduction of the duty to a rate corresponding with the value of the article arises from its effect on the proprietors

of the mines of anthracite coal, and on the companies which have invested large capitals in the completion of roads and canals for its transportation. A duty of 25% and the freight, which, if the importations are from Nova Scotia, or in large quantities from England, cannot be less than ten cents a bushel, would give them all the protection to which they are fairly entitled. We wish every possible success to the laudable spirit of enterprise by which they have been animated; but, to prevent the reduction of the price of fuel to the poor in our large cities, because extensive beds of coal have been happily discovered at home, appears to us a most strange and unjust extension even of the restrictive system.

The principal commodities which have been selected for special protection, iron and all the coarser woollen articles of clothing, are, as well as salt, coal, and sugar, essentially necessary to all classes of society. The duties laid on such commodities fall therefore much more heavily, in proportion to their means, on the less wealthy classes; and it has been already seen with what singular ingenuity that on woollens has been so arranged as to make the poor pay, in every instance, considerably more than the rich, on the value of their necessary clothing. This your memorialists consider to be, in its practical application, one of the most obnoxious features of the restrictive system. And it is principally for the same reason that they pray that the duties on wines, teas, coffee, fruits, spices, silks, and other articles, not being raw materials, which it is presumed cannot, at least at this time, be produced in the United States, may be subject in proportion to their respective value to the same rate of duties as other foreign commodities.

It is truly remarkable that it should in the United States be necessary to pray, that whenever the public exigencies permit it, luxuries should be subject to duties at least as high as articles of general and equal con-

sumption. A temporary departure from that principle can only be ascribed to that zeal which, with a single eye to a favorite object, loses sight of every other consideration. The annual average value of the wines and silks consumed in the United States amounts to about \$7,000,000, or one eighth part of their whole consumption of foreign articles. It will not be denied that both are, strictly speaking, luxuries, and in this country used exclusively by the rich. Teas and coffee are, indeed, used by all classes, but as luxuries by the poor, and in very small quantities by them, or out of the towns, if compared with the consumption by the wealthier classes. Of 5,700,000 pounds of tea, the annual consumption of the years 1827-1830, less than 80,000 pounds consist of bohea and less than one fourth of the part of the whole of bohea and souchong. The whole annual consumption is little more than half a pound for each individual. Every man in easy circumstances may calculate how much greater than that proportion is the consumption of his family, and who would be relieved by taking away the duty altogether. In this view of the subject, the question is not simply whether the duties on those articles shall be repealed or reduced, but whether the reduction shall apply exclusively to them, whilst those on articles of equal consumption shall be preserved; instead of making a general reduction which shall render the duty uniform on all. If the duties on wines, silks, tea, and coffee were repealed or reduced below the common average, whilst those of 50% to 100% on iron, salt, coal, sugar, and coarse clothing were preserved, every substantial farmer or mechanic would pay more annually than men who have an income of \$5,000 a year; and with respect to the poorer classes, the tax levied on each individual would increase in proportion to his want of means. Your memorialists are aware that this is not the object of the friends of the restric-

tive system, but the unavoidable consequence of the system itself. It is because the present tariff gives a special protection to some particular favorite branches of industry, that it is necessarily unequal in its operation, imposes burdens on the many for the benefit of the few, and is more oppressive upon the poor than upon the rich.

It is well known to your honorable body that the tariff system is believed to be unconstitutional by a numerous and respectable portion of the American people, including probably a majority of the citizens of the southern States. Your memorialists may not all unite in that opinion; but they assert that the system is at variance with that spirit of justice and mutual concession in which the Constitution was conceived and adopted, and that it operates unequally and unjustly upon those parts of the United States which supply the greater portion of the national exports, and are less adapted to the introduction of manufacturing establishments.

The restrictive system lessens the amount of the foreign products which would otherwise be imported.

It has, therefore, an immediate tendency to lessen the ever corresponding amount of exports. The avowed declaration of those who are benefited by it, and their general proscription of the trade with foreign nations, announce that such is their object. Retaliations, however unwise, may be provoked by a hostile course of legislation. It cannot be doubted that a great diminution of the exportations will be the necessary consequence of persevering in that system, to the manifest and great injury of those States which export most, and have no other resources than those exports.

The inhabited part of the United States embraces a territory more extensive and differing more in climate than the whole of western Europe. A necessary and great difference must arise between the branches of in-



dustry to which the several portions of that territory are respectively best adapted. This difference is still more increased by that in the nature of the population. The southern States have always confined themselves almost exclusively to the cultivation of the rich products of their climate. This is the only advantage they enjoy, and they owe it to nature. As they make but few, they consume a much greater proportion of manufactured articles imported from other States or other countries. That system, therefore, that enhances beyond measure the price of those objects of necessary consumption operates most unequally and unjustly upon them. They are forbidden to supply themselves on the cheapest terms consistent with the revenue necessary for the exigencies of Government. As the greatest consumers they must not only pay a greater share of the duties requisite to defray the necessary national expenditure, but they are compelled to pay the enhanced price occasioned by the protecting system. That system cannot be extended to them. They find in it no indemnity, no compensation for the injury which it inflicts upon them. They have not, they cannot in self-defense erect manufacturing establishments. The nature of their population forbids it. Whether from color or situation is immaterial; the great mass of the working population of the southern States is inferior in activity, skill, and intelligence to that of the other sections of the Union. Where such important and indelible differences do exist, each part should be permitted to enjoy its natural advantages; and that legislation is unjust, unequal, and oppressive which attempts to confer doubtful benefits on the one at the expense of the other.

It is idle to say that the southern States find a compensation in the general advantages in the increased wealth resulting to the Union from the protecting system. The fallacy of those pretended advantages has

been sufficiently exposed. But, admitting their reality, they are, according to the doctrines even of the restrictionists, derived from the losses sustained by the consumers of the South. The duties on the iron, the woollen manufactures, the sugar, the salt, and all the other privileged articles which they consume, give no additional activity or employment to their labor. The amount of their products remains the same, and their value may be lessened; they pay more and receive nothing. In order that they might be placed on an equal footing with their fellow-citizens, in order to enable them to erect manufactures, they stand in more need of a tariff against those of the eastern States than the eastern States against those of England. From that weapon of self-defense they deprived themselves in adopting the Constitution of the United States.

It cannot be deemed consistent with justice and that spirit of mutual concession in which the Constitution was conceived and adopted, to convert that complete freedom of internal trade secured by it to the several States into a weapon of oppression upon those which from uncontrollable circumstances cannot compete with others in particular branches of industry. Is there any substantial difference between the British Government forbidding its American colonies to trade with other nations, and to purchase any but British manufactures, and the adoption of that pretended American system which compels one section of the Union to resort exclusively to another section for its necessary supply of manufactured articles?

Your memorialists are aware that it may be urged that whilst the exports of the southern States have been increasing without interruption, those of the middle and northern States, though fluctuating in value, have for forty years been nearly stationary as to quantity. Whenever the demand for the articles of food which

constitute by far the greater part of those exports ceased to increase in the same ratio as the population, it became not only useful but absolutely necessary to apply to new objects a portion of the industry of those States. They must otherwise have grown daily poorer, and been deprived of the comforts which they had till then enjoyed. The southern States might be asked, in that spirit of concession and compromise to which they appeal, not to oppose a course of legislation intended to encourage the establishment of manufactures, which has become a matter of necessity in the parts of the Union less favored by nature than themselves.

The facts are admitted, and the southern States did not wait for that appeal. The compromise took place, the concession was made from the time they consented that the whole, or nearly the whole amount of the public revenue should be raised by duties on importation. Unable to compete with others in manufactures, it was clearly their interest to purchase those they wanted wherever they might be obtained on the cheapest terms, and that a part at least of the revenue should be derived from other sources. They voluntarily yielded the point and submitted cheerfully to duties amounting on an average to 40% whilst they were wanted to discharge the public debt. That object could not have been effected without resorting to direct taxation, had not the foreign trade supplied the means. The taxed imports which have paid the debt have been purchased with the national exports; and of these the oppressed States have supplied two thirds. Now that the object has been accomplished, after the manufacturing districts have, during forty years, enjoyed the incidental but not less efficient benefit of that mode of taxation; when the southern States acquiesce in the continuance of the same system on a scale proportionate to the exigencies of Government, is it just, is it equitable, to aggravate

instead of lightening the burden? And can this additional sacrifice be expected from them?

But no special protection beyond the ordinary revenue duties has been, or is, necessary for the introduction of the manufactures required by the wants of the country. The annual average value of the imported merchandise paying duties *ad valorem* in the years 1798-1801 amounted, after deducting those exported with the benefit of drawback, to \$33,747,000. Deducting about \$950,000 on account of articles exported that were not entitled to drawback, and of the fruits, spices, and some other minor items not then charged with specific duties, the residue, amounting to \$32,000,000, is the value of the foreign manufactured commodities annually consumed at that time. The annual average value of the imported goods paying duties *ad valorem* during the years 1821-1824, taken from the annual statements of commerce, amounted, after deducting the reëxportations, to \$32,910,000. To this must be added, first, \$2,700,000, being the value of the iron and manufactured articles which now pay specific duties. Secondly, \$7,000,000, being the difference between the present value of the cotton goods now imported and that of the same quantity in the years 1799-1801; the increase, therefore, during that period of twenty-three years, amounts to about \$10,600,000, or to about 33%; and that of the domestic exports will be found to have been 35½%. During the same period the population of the United States has more than doubled.

It will not be denied that the people of the United States were at least as well supplied in the year 1824 as in the year 1801 with clothing, furniture, and every species of manufactured commodities. A population twice as great, in order to be equally well supplied, required twice the amount of such articles. And since the value of foreign goods of that description con-

sumed in the United States in 1824 amounted only to \$42,600,000, instead of \$64,000,000, the difference must necessarily have been supplied by domestic manufactures. Not only those which were established in 1801 must have increased in a ratio equal to the increase of population, but by a further quantity, amounting to \$21,400,000. The annual amount of foreign manufactures had, during that period, and prior to the tariffs of 1824 and 1828, been lessened more than one third in proportion to the population.

The actual increase of domestic manufactures cannot be precisely ascertained, since the actual amount in 1801 is not known; but the limits of that increase may be correctly estimated. From the imperfect data obtained in the year 1810, it appears certain that the amount in the year 1801 did not exceed \$100,000,000, or fall short of \$60,000,000. The domestic manufactures formed, therefore, from two thirds to three fourths of the total amount of the manufactured commodities consumed. The total amount consumed in the years 1821-1824 amounted to \$264,000,000, according to the first supposition, and to \$184,000,000, according to the second. Deducting, in both cases, the amount of foreign goods annually consumed in those years, and amounting to \$42,600,000, the increase of domestic manufactures would have been, in twenty-three years,  $121\frac{1}{2}\%$  in the first case, and  $136\%$  in the second. We have a moral certainty that it was within those limits; and that the amount of foreign manufactures was in 1824 from one fifth to one sixth, while it was in 1801 from one third to one fourth, of the whole amount of manufactured commodities consumed.

Proceeding in the same manner, it will appear that, without any such special protection as that of the tariffs of 1824 and 1828, the total value of the manufactures consumed in the United States in the year 1847 will

probably be \$450,000,000, of which the domestic manufactures will form seven eighths, and foreign merchandise no more than one eighth part. In all probability the increase of domestic manufactures will be greater, in proportion, during that period of twenty-three years, than during the next preceding; since there will be more skill and experience, a more dense population, and a greater proportionate capital.

The principle is indisputable; and if there is some error in the numbers, it will no otherwise affect the result, than that it may take place a few years sooner or later. But that result with a population so active and intelligent is certain. The question is only one of time; and admitting, for the sake of argument, that the protecting system has a tendency to accelerate the establishment of manufactures in general, all that can be gained by it is, that the same necessary result may be obtained a few years earlier.

A uniform and moderate duty does not derange the natural order of things; and instead of sustaining, by artificial means, certain manufactures for which the country may not be prepared, at the expense of the community, and particularly of the poorer classes, to the detriment of other manufactures, and to the great injury of some parts of the country, it will encourage and successively promote the various branches of industry best adapted to the state of society, and to the circumstances of the different parts of the Union. A maximum duty of 25%, added to the charges on importation, will give to the manufactures that may require it an annual protection of 35%. An efficient system that will prevent frauds, and, as far as practicable, check irregular importations on foreign account, will insure to the manufacturer the legal protection to its full extent; and, given in a true spirit of compromise and conciliation, it will have that stability indispensable to him,

and on which he never can rely under the present system.

Your memorialists beg leave here to observe, that, whilst they have considered a duty of 25% as the highest that should, in any case, be allowed, they have not pretended to assert that the average duty required for the exigencies of Government should be 20% on the value. If they have adopted that rate in their calculations, it has been only in order to meet any determination that may be taken by your honorable body, on the amount of the revenue which should be provided for, and any difference of opinion respecting the probable amount of importations, and the consequent productiveness of any given percentage. In their own opinion, the average duty actually required would fall far short of 20%.

After having given the fullest consideration to this important subject, your memorialists have not been able to perceive any other objection to the immediate adoption of the plan which they have respectfully suggested, than that which arises from vested interests. These are entitled to respect only because they do exist, and not on account of any presumed legislative pledge which no legislature could give; and which, if so intended, your memorialists altogether deny to be in any degree binding upon subsequent legislatures. Your memorialists have, accordingly, been instructed to express the willingness of those in whose behalf they address your honorable body to acquiesce in such an interposition of the legislative power as shall be prospective in its operation, thereby avoiding any sudden revulsion which might operate with undue severity on the manufacturing interest, but leading to the desired result, with the least possible injury to the interests which have grown up under the existing system of protective duties.

Your memorialists trust that the temporary and doubtful advantages ascribed to the tariff system, and which may, perhaps, accrue to some particular districts, will not be permitted to outweigh considerations of a far more important character. It may justly be expected, from the patriotism of those who calculate upon such local advantages, that they will not insist on what is manifestly unjust, and persevere in a course which disturbs the peace of the country and alienates the affections of a numerous portion of their fellow-citizens.

Let it be recollected that the system is, in itself, an infraction of an essential part of the liberty of the citizen. The necessity must be urgent and palpable, which authorizes any government to interfere in the private pursuits of individuals, to forbid them to do that which, in itself, is not criminal, and which every one would most certainly do, if not forbidden. Every individual, in every community without exception, will purchase whatever he may want, on the cheapest terms within his reach. The most enthusiastic restrictionist, the manufacturer most clamorous for special protection, will each individually pursue the same course, and prefer any foreign commodity, or material, to that of domestic origin, if the first is cheaper, and the law does not forbid him. All men ever have acted, and continue, under any system, to act on the same principle. It is impossible that they should universally act in that manner, unless it was evidently their interest so to do. The tariff system is founded upon the principle, that what is true of all men, individually, is untrue when applied to them collectively. We cannot consider the adherence of enlightened nations to regulations of that description, but as the last relic of that system of general restrictions and monopolies, which had its origin in barbarous times. If the corn laws are the most odious of those protecting monopolies, it is because they



enhance the price of that which is still more essentially necessary than sugar, salt, clothing, or fuel; and we may safely predict that their repeal will be the first result of an improved representation of the people.

Your memorialists are fully aware that acquiescence in the will of the majority is the indispensable condition of a representative government. The true problem to be solved in the United States is not whether the people can govern themselves, of which not the slightest doubt can be entertained, but whether that government can be successfully applied to an extensive territory, embracing interests which must occasionally be in collision with each other; whether majorities formed by combinations of sectional interests will be so governed by a sense of justice and a spirit of conciliation as not to oppress those parts of the country, whose rights, though they may be a minority, ought, nevertheless, to be respected. The permanence of the Union and the destinies of this great and happy nation have been intrusted to your honorable body; and, with an humble hope that your deliberations may be enlightened by Him to whom the United States are indebted for all the blessings they enjoy, your memorialists, as in duty bound, will ever pray, etc.

In behalf of the Committee,

ALBERT GALLATIN, *Chairman.*

NEW YORK, *January 23, 1832.*

# REPORT FROM THE SECRETARY OF THE TREASURY

## ON THE STATE OF THE FINANCES, ETC.

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TREASURY DEPARTMENT, *December 3, 1845.*

IN obedience to the "Act supplementary to the act to establish the Treasury Department," the undersigned respectfully submits the following report:—

The receipts and expenditures for the fiscal year ending the 30th June, 1845, were as follows:—

### RECEIPTS AND MEANS.

From customs . . . . .	\$27,528,112.70
From sales of public lands . . . . .	2,077,022.30
From miscellaneous sources . . . . .	163,998.56
Total receipts . . . . .	<u>\$29,769,133.56</u>
Add balance in the treasury 1st July, 1844 . . . . .	<u>7,857,379.64</u>
Total means . . . . .	<u>\$37,626,513.20</u>
The expenditures during the same fiscal year amounted to the sum of . . . . .	<u>29,968,206.98</u>
Leaving a balance in the treasury on the 1st July, 1845, of . . . . .	<u><u>\$7,658,306.22</u></u>

As appears in detail by accompanying statement A.

The estimated receipts and expenditures for the fiscal year ending 30th June, 1846, are as follows:—

## RECEIPTS, viz. : —

From customs, 1st quarter, by actual returns of the collectors . . . . .	\$8,861,932.14
For 2d, 3d, and 4th quarters, as estimated . . . . .	15,638,067.86
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Total from customs . . . . .	\$24,500,000.00
From sales of public lands . . . . .	2,200,000.00
From miscellaneous and incidental sources . . . . .	120,000.00
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Total receipts . . . . .	\$26,820,000.00
Add balance in the treasury on the 1st July, 1845 . . . . .	7,658,306.22
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Total means, as estimated . . . . .	\$34,478,306.22

## EXPENDITURES, viz. : —

The actual expenditures for the first quarter ending the 30th September, 1845, amounted to the sum of . . \$8,463,092.41

As appears in detail by accompanying statement B.

The estimated expenditures for the public service during the other three quarters, from 1st October, 1845, to 30th June, 1846, are as follows, viz. : —

Civil list, foreign intercourse, and miscellaneous purposes . . . . 6,739,211.06

Army proper . . . .	\$2,594,735.06	
Fortifications, ordnance, arming militia, etc. . .	2,346,778.82	
Indian department . .	1,649,791.94	
Pensions . . . . .	1,356,556.02	
Interest on public debt and treasury notes . .	856,976.48	
Redemption of the resi- due of the loan of 1841	29,300.00	
Treasury notes which are yet outstanding, and payable when presented	687,764.18	
Naval establishment . .	4,902,845.93	
	<hr/>	<sup>1</sup> 29,627,051.90
Which deducted from the total of means before stated, leaves in the treasury on the 1st July, 1846, an estimated balance of . . . . .		<hr/> <u>\$4,851,254.32</u>

But this balance is subject to be decreased by such additional appropriations as Congress shall make, to be expended during the fiscal year ending the 30th June, 1846, and to be altered by the sums which may be presented for payment of the old funded and unfunded debt and old treasury notes.

The estimated receipts, means, and expenditures for the fiscal year commencing 1st July, 1846, and ending 30th June, 1847, are as follows, viz.:—

<sup>1</sup> The sums of \$1,548,997 for supplying deficiency of revenue for postage, and also \$300,000 for postages of Congress and of executive offices, are included in the above sum of \$29,627,051.90.

## RECEIPTS.

From customs for the four quarters . .	\$22,500,000.00
From sales of public lands . . . . .	2,400,000.00
From miscellaneous and incidental sources . . . . .	100,000.00
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Total revenue . . . . .	25,000,000.00
Add estimated balance to be in the treas- ury on the 1st July, 1846 . . . . .	4,851,254.32
	<hr/>
Total means for the service of the fiscal year ending the 30th June, 1847 . .	29,851,254.32

## EXPENDITURES.

The expenditures during  
the same period, as esti-  
mated by the several de-  
partments of State, Treas-  
ury, War, Navy, and Post-  
master General, viz. :—

The balances of former ap- propriations which will be required to be expend- ed in this year . . . .	\$1,441,457.10
Permanent and indefinite appropriations . . . .	2,997,915.72
Specific appropriations asked for this year . .	21,079,440.43

Total estimated expendi- ture . . . . .	<hr/> 25,518,813.25 <hr/>
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This sum is composed of  
the following particu-  
lars:—

For civil list, foreign in- tercourse, and miscel- laneous . . . . .	<sup>1</sup> \$5,925,292.62
For army proper . . . .	3,364,458.92
For fortifications, ord- nance, arming militia, etc. . . . .	4,331,809.93
For pensions . . . . .	2,507,100.00
For Indian department .	2,214,916.18
For naval establishment .	6,339,390.88
Interest on public debt .	835,844.72

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25,518,813.25

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Which deducted from the total of means  
before stated, gives an estimated bal-  
ance on the 1st of July, 1847, of . . .

4,332,441.07

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The receipts for the first quarter of this year are less, by \$2,011,885.90, than the receipts of the same quarter last year. Among the causes of decrease is the progressive diminution of the importation of many highly-protected articles, and the substitution of rival domestic products. For the nine months ending June 30, 1843, since the present tariff, the average of duties upon dutiable imports was equal to 37.84 $\frac{1}{10}$ %; for the year ending June 30, 1844, 33.85 $\frac{1}{10}$ %; and for the year ending June 30, 1845, 29.90%; showing a great diminution in

<sup>1</sup> The sum of \$121,050 of debt assumed for the cities in the District of Columbia, the sum of \$1,000,000, for supplying deficiency in the revenues from postage, and \$350,000 for postages for Congress and executive departments, are included in the foregoing sum of \$5,925,292.62.

the average percentage, owing in part to increased importation of some articles bearing the lighter duties, and decreased importation of others bearing the higher duty.

The revenue from ad valorem duties last year exceeded that realized from specific duties, although the average of the ad valorem duties was only 23.57%, and the average of the specific duties 41.30%; presenting another strong proof that lower duties increase the revenue. Among the causes tending to augment the revenue are increased emigration and the annexation of Texas. The estimates for the expenditures of 1846 are based chiefly upon appropriations made by Congress. The estimated expenditures of 1847 are founded upon data furnished by the several departments, and are less by \$4,108,238.65 than those of the preceding year.

These estimates are submitted in the full conviction that, whenever Congress, guided by an enlightened economy, can diminish the expenditures without injury to the public interest, such retrenchment will be made, so as to lighten the burden of taxation and hasten the extinguishment of the public debt, reduced on the 1st of October last to \$17,075,445.52.

In suggesting improvements in the revenue laws, the following principles have been adopted:—

1st. That no more money should be collected than is necessary for the wants of the government, economically administered.

2d. That no duty be imposed on any article above the lowest rate which will yield the largest amount of revenue.

3d. That below such rate discrimination may be made, descending in the scale of duties; or for imperative reasons, the article may be placed in the list of those free from all duty.

4th. That the maximum revenue duty should be imposed on luxuries.

5th. That all minimums, and all specific duties, should be abolished, and ad valorem duties substituted in their place,—care being taken to guard against fraudulent invoices and under-valuation, and to assess the duty upon the actual market value.

6th. That the duty should be so imposed as to operate as equally as possible throughout the Union, discriminating neither for nor against any class or section.

No horizontal scale of duties is recommended; because such a scale would be a refusal to discriminate for revenue, and might sink that revenue below the wants of the government. Some articles will yield the largest revenue at duties that would be wholly or partially prohibitory in other cases. Luxuries, as a general rule, will bear the highest revenue duties; but even some very costly luxuries, easily smuggled, will bear but a light duty for revenue; whilst other articles of great bulk and weight will bear a higher duty for revenue. There is no instance within the knowledge of this department of any horizontal tariff ever having been enacted by any one of the nations of the world. There must be discrimination for revenue, or the burden of taxation must be augmented, in order to bring the same amount of money into the treasury. It is difficult, also, to adopt any arbitrary maximum to which an inflexible adherence must be demanded in all cases. Thus upon brandy and spirits, a specific duty, varying as an equivalent ad valorem from 180% to 261%, yields a large revenue; yet no one would propose either of these rates as a maximum. These duties are too high for revenue, from the encouragement they present for smuggling these baneful luxuries; yet a duty of 20% upon brandy and spirits would be far below the revenue standard, would greatly diminish the income on these imports, require increased burdens upon the necessities of life, and would revolt the moral sense of the whole com-



munity. There are many other luxuries which will bear a much higher duty for revenue than 20%; and the only true maximum is that which experience demonstrates will bring, in each case, the largest revenue at the lowest rate of duty. Nor should maximum revenue duties be imposed upon all articles; for this would yield too large an income, and would prevent all discrimination within the revenue standard, and require necessities to be taxed as high as luxuries. But, whilst it is impossible to adopt any horizontal scale of duties, or even any arbitrary maximum, experience proves that, as a general rule, a duty of 20% ad valorem will yield the largest revenue. There are, however, a few exceptions above, as well as many below this standard. Thus, whilst the lowest revenue duty on most luxuries exceeds 20%, there are many costly articles of small bulk, easily smuggled, which would bring, perhaps, no revenue at a duty as high as 20%; and even at the present rate of 7½%, they yield, in most cases, a small revenue; whilst coal, iron, sugar, and molasses, articles of great bulk and weight, yielded last year six millions of revenue, at an average rate of duty exceeding 60% ad valorem. These duties are far too high for revenue upon all these articles, and ought to be reduced to the revenue standard; but if Congress desire to obtain the largest revenue from duties on these articles, those duties, at the lowest rate for revenue, would exceed 20% ad valorem.

There are appended to this report tables, prepared with great care and labor, showing the rates of duty each year on each of these four articles, and the equivalent ad valorem from the organization of the government down to the present period, with the revenue collected every year upon each; from which tables Congress will be enabled to judge how far the present rates exceed the lowest revenue duties, and how much they must be reduced so

as to yield a revenue equal to that now obtained from these articles.

It is believed that sufficient means can be obtained, at the lowest revenue duties on the articles now subjected to duty ; but if Congress desire a larger revenue, it should be procured by taxing the free articles, rather than transcend, in any case, the lowest revenue duties. It is thought, however, that, without exceeding that limit in any case, an adequate revenue will still be produced, and permit the addition to the free list of salt and guano. In one of his annual messages, Mr. Jefferson recommended to Congress "the suppression of the duties on salt." A large portion of this duty is exhausted in heavy expenses of measuring salt, and in large sums paid for fishing bounties and allowances in lieu of the drawback of the duty, both which expenditures would fall with a repeal of the duty ; which repeal, therefore, can cause no considerable reduction of the revenue. Salt is a necessary of life, and should be as free from tax as air or water. It is used in large quantities by the farmer and planter ; and to the poor, this tax operates most oppressively, not only in the use of the article itself, but as combined with salted provisions. The salt made abroad by solar evaporation is also most pure and wholesome, and, as conservative of health, should be exempt from taxation.

The duty on cotton-bagging is equivalent to 55.20% ad valorem on the Scotch bagging, and to 123.11% on the gunny-bag ; and yet the whole revenue from these duties has fallen to \$66,064.50. Nearly the entire amount, therefore, of this enormous tax makes no addition to the revenue, but inures to the benefit of about thirty manufacturers. As five sixths of the cotton crop is exported abroad, the same proportion of the bagging around the bale is exported, and sold abroad at a heavy loss, growing out of a deduction for tare. Now, as duties

are designed to operate only on the domestic consumption, there ought to be a drawback of the whole duty on cotton-bagging reexported around the bale, on the same principles on which drawbacks are allowed in other cases. The cotton planting is the great exporting interest, and suffers from the tariff in the double capacity of consumer and exporter. Cotton is the great basis of our foreign exchange, furnishing most of the means to purchase imports and supply the revenue. It is thus the source of two thirds of the revenue, and of our foreign freight and commerce; upholding our commercial marine and maritime power. It is also a bond of peace with foreign nations, constituting a stronger preventive of war than armies or navies, forts or armaments. At present prices, our cotton crop will yield an annual product of \$72,000,000, and the manufactured fabric \$504,000,000, furnishing profits abroad to thousands of capitalists, and wages to hundreds of thousands of the working classes; all of whom would be deeply injured by any disturbance, growing out of a state of war, to the direct and adequate supply of the raw material. If our manufacturers consume 400,000 bales, it would cost them \$12,000,000 whilst selling the manufactured fabric for \$84,000,000; and they should be the last to unite in imposing heavy taxes upon that great interest which supplies them with the raw material out of which they realize such large profits. Accompanying the drawback of the duty on cotton-bagging should be the repeal of the duty on foreign cotton, which is inoperative and delusive, and not desired by the domestic producer.

The condition of our foreign relations, it is said, should suspend the reduction of the tariff. No American patriot can desire to arrest our onward career in peace and prosperity; but if, unhappily, such should be the result, it would create an increased necessity for

reducing our present high duties in order to obtain sufficient revenue to meet increased expenditures. The duties for the quarter ending the 30th September, 1844, yielded \$2,011,885.90 more of revenue than the quarter ending 30th September, 1845; showing a very considerable decline of the revenue, growing out of a diminished importation of the highly-protected articles and the progressive substitution of the domestic rivals. Indeed, many of the duties are becoming dead letters, except for the purpose of prohibition, and, if not reduced, will ultimately compel their advocates to resort to direct taxation to support the government. In the event of war, nearly all the high duties would become prohibitory, from the increased risk and cost of importations; and if there be, indeed, in the opinion of any, a serious danger of such an occurrence, it appeals most strongly to their patriotism to impose the lowest revenue duties on all articles, as the only means of securing, at such a period, any considerable income from the tariff.

The whole power to collect taxes, whether direct or indirect, is conferred by the same clause of the Constitution. The words are, "The Congress shall have power to lay and collect taxes, duties, imposts, and excises." A direct tax or excise, not for revenue, but for protection, clearly would not be within the legitimate object of taxation; and yet it would be as much so as a duty imposed for a similar purpose. The power is "to lay and collect taxes, duties, imposts, and excises." A duty must be laid only that it may be collected; and if it is so imposed that it cannot be collected, in whole or in part, it violates the declared object of the granted power. To lay all duties so high that none of them could be collected would be a prohibitory tariff. To lay a duty on any one article so high that it could not be collected would be a prohibitory tariff upon that article. If a duty of 100% were imposed upon all or

upon a number of articles, so as to diminish the revenue upon all or any of them, it would operate as a partial prohibition. A partial and a total prohibition are alike in violation of the true object of the taxing power. They only differ in degree, and not in principle. If the revenue limit may be exceeded 1%, it may be exceeded 100%. If it may be exceeded upon any one article, it may be exceeded on all; and there is no escape from this conclusion, but in contending that Congress may lay duties on all articles so high as to collect no revenue, and operate as a total prohibition.

The Constitution declares that "All bills for raising revenue shall originate in the House of Representatives." A tariff bill, it is conceded, can only originate in the House, because it is a bill for raising revenue. That is the only proper object of such a bill. A tariff is a bill to "lay and collect taxes." It is a bill for "raising revenue," and whenever it departs from that object, in whole or in part, either by total or partial prohibition, it violates the purpose of the granted power.

In arranging the details of the tariff, it is believed that the maximum revenue duties should be imposed upon luxuries. It is deemed just that taxation, whether direct or indirect, should be as nearly as practicable in proportion to property. If the whole revenue were raised by a tax upon property, the poor, and especially those who live by the wages of labor, would pay but a very small portion of such tax; whereas, by the tariff, the poor, by the consumption of various imports or domestic articles enhanced in price by the duties, pay a much larger share of the taxes than if they were collected by an assessment in proportion to property. To counteract as far as possible this effect of the tariff, — to equalize its operation, and make it approximate as nearly as may be to a system of taxes in proportion to

property, — the duties upon luxuries, used almost exclusively by the rich, should be fixed at the highest revenue standard. This would not be discriminating in favor of the poor, however just that might be within the revenue limit; but it would mitigate, as far as practicable, that discrimination against the poor which results from every tariff, by compelling them to pay a larger amount of taxes than if assessed and collected on all property in proportion to its value. In accordance with these principles it is believed that the largest practicable portion of the aggregate revenue should be raised by maximum revenue duties upon luxuries, whether grown, produced, or manufactured at home or abroad.

An appeal has been made to the poor, by the friends of protection, on the ground that it augments the wages of labor. In reply, it is contended that the wages of labor have not augmented since the tariff of 1842, and that in some cases they have diminished.

- ✓ When the number of manufactories is not great, the power of the system to regulate the wages of labor is inconsiderable; but as the profit of capital invested in manufactures is augmented by the protective tariff, there is a corresponding increase of power, until the control of such capital over the wages of labor becomes irresistible. As this power is exercised from time to time, we find it resisted by combinations among the working classes, by turning out for higher wages, or for shorter time; by trades-union; and in some countries, unfortunately, by violence and bloodshed. But the government, by protective duties, arrays itself on the side of the manufacturing system, and by thus augmenting its wealth and power, soon terminates in its favor the struggle between man and money, — between capital and labor. When the tariff of 1842 was enacted, the maximum duty was 20%. By that act, the average

of duties on the protected articles was more than double. But the wages of labor did not increase in a corresponding ratio, or in any ratio whatever. On the contrary, whilst wages in some cases have diminished, the prices of many articles used by the working classes have greatly appreciated.

A protective tariff is a question regarding the enhancement of the profits of capital. That is the object, and not to augment the wages of labor, which would reduce those profits. It is a question of percentage, and is to decide whether money vested in our manufactures shall, by special legislation, yield a profit of 10, 20, or 30%, or whether it shall remain satisfied with a dividend equal to that accruing from the same capital invested in agriculture, commerce, or navigation.

The present tariff is unjust and unequal, as well in its details as in the principles upon which it is founded. On some articles the duties are entirely prohibitory, and on others there is a partial prohibition. It discriminates in favor of manufactures and against agriculture, by imposing many higher duties upon the manufactured fabric than upon the agricultural product out of which it is made. It discriminates in favor of the manufacturer and against the mechanic, by many higher duties upon the manufacture than upon the article made out of it by the mechanic. It discriminates in favor of the manufacturer and against the merchant, by injurious restrictions upon trade and commerce; and against the ship-building and navigating interest, by heavy duties on almost every article used in building or navigating vessels. It discriminates in favor of manufactures and against exports, which are as truly the product of American industry as manufactures. It discriminates in favor of the rich and against the poor, by high duties upon nearly all the necessities of life and by minimums and specific duties, rendering the tax

upon the real value much higher on the cheaper than upon the finer article.

Minimums are a fictitious value assumed by law, instead of the real value; and the operation of all minimums may be illustrated by a single example. Thus, by the tariff of 1842, a duty of 30% *ad valorem* is levied on all manufactures of cotton; but the law further provides that cotton goods "not dyed, colored, printed, or stained, not exceeding in value twenty cents per square yard, shall be valued at twenty cents per square yard." If, then, the real value of the cheapest cotton goods is but four cents a square yard, it is placed by the law at the false value of twenty cents per square yard, and the duty levied on the fictitious value, — raising it five times higher on the cheap article consumed by the poor, than upon the fine article purchased by the more wealthy. Indeed, by House document No. 306, of the 1st session of the 28th Congress, this difference, by actual importation, was 65% between the cheaper and the finer article of the 20% minimum, 131% on the 30% minimum, 48½% on the 35% minimum, 84% on the 60% minimum, and 84% on the 75% minimum. This difference is founded on actual importation, and shows an average discrimination against the poor on cotton imports of 82% beyond what the tax would be if assessed upon the actual value. The operation of the specific duty presents a similar discrimination against the poor and in favor of the rich. Thus, upon salt: the duty is not upon the value, but it is eight cents a bushel, whether the article be coarse or fine, — showing by the same document, from actual importation, a discrimination of 64% against the cheap and in favor of the finer article; and this, to a greater or less extent, is the effect of all specific duties. When we consider that \$2,892,621.74 of the revenue last year was collected by minimum duties, and \$13,311,085.46 by specific duties,



the discrimination against the cheaper article must amount, by estimates founded on the same document, to a tax of \$5,108,422 exacted by minimums and specific duties annually from the poorer classes, by raising thus the duties on the cheaper articles above what they would be if the duty were assessed upon the actual value. If direct taxes were made specific, they would be intolerable. Thus, if an annual tax of \$30 were assessed on all houses without respect to their actual value, making the owner of the humble tenement or cabin pay a tax of \$30 and the owner of the costly mansion a tax of but \$30 on their respective houses, it would differ only in degree, but not in principle, from the same unvarying specific duty on cheap as on fine articles. If any discrimination should be made, it should be the reverse of the specific duty, and of the minimum principle, by establishing a maximum standard above which value the duties on the finer article should be higher, and below which they should be lower on the cheaper article. The tax upon the actual value is the most equal, and can only be accomplished by *ad valorem* duties. As to fraudulent invoices and under-valuations, these dangers are believed to be arrested effectually by the stringent provisions and severe penalty of the 17th section of the tariff of 1842; and now one half the revenue is collected from *ad valorem* duties.

At least two thirds of the taxes imposed by the present tariff are paid, not into the treasury but to the protected classes. The revenue from imports last year exceeded \$27,000,000. This in itself is a heavy tax; but the whole tax imposed upon the people by the present tariff is not less than \$81,000,000, — of which \$27,000,000 are paid to the government upon the imports, and \$54,000,000 to the protected classes, in enhanced prices of similar domestic articles.

This estimate is based upon the position that the duty

is added to the price of the import, and also of its domestic rival. If the import is enhanced in price by the duty, so must be the domestic rival; for, being like articles, their price must be the same in the same market. The merchant advances in cash the duty on the import, and adds the duty, with a profit upon it, and other charges, to the price, — which must therefore be enhanced to that extent; unless the foreign producer had first deducted the duty from the price. But this is impossible; for such now is, and long has been, the superabundance of capital and active competition in Europe, that a profit of 6% in any business is sufficient to produce large investments of money in that business; and if, by our tariff, a duty of 40% be exacted on the products of such business, and the foreign producer deducts that duty from his previous price, he must sustain a heavy loss. This loss would also soon extend beyond the sales for our consumption to sales to our merchants of articles to be reexported by them from our ports with a drawback of the duty, which would bring down their price throughout the markets of the world. But this the foreign producer cannot afford. The duty, therefore, must be added to the price, and paid by the consumer, — the duty constituting as much a part of the price as the cost of production.

If it be true that, when a duty of 40% is imposed by our tariff, the foreign producer first deducts the duty from the previous price on the sale to our merchant, it must be equally true with a duty of 100%, which is exactly equal to the previous price, and, when deducted, would reduce the price to nothing.

✓ The occasional fall in price of some articles after a tariff is no proof that this was the effect of the tariff; because, from improved machinery, diminished prices of the raw material, or other causes, prices may fall even after a tariff, but they would in such cases have

fallen much more but for the tariff. The truest comparison is between the present price of the same article at home and abroad; and to the extent that the price is lower in the foreign market than in our own, the duty, if equal to that difference, must to that extent enhance the price, and in the same ratio with the lower duty. The difference in price at home or abroad is generally about equal to the difference in the cost of production, and presents in a series of years the surest measure of the effect of the duty,—the enhancement in price being equal to that difference if the duty be higher than that difference or equal to it; or if the duty be lower, then the enhancement is equal to the duty; and if the article is produced, like cotton, more cheaply here than abroad the duty is inoperative. The great argument for the tariff is that, foreign labor being cheaper than our own, the cost of foreign productions, it is said, is lessened to that extent; and that we must make up this difference by an equivalent duty, and a corresponding enhancement of price in our own market both of the foreign article and of its rival domestic product,—thus rendering the duty a tax on all consumers, for the benefit of the protected classes. If the marshal were sent by the federal government to collect a direct tax from the whole people, to be paid over to manufacturing capitalists to enable them to sustain their business, or realize a larger profit, it would be the same in effect as the protective duty, which, when analyzed in its simplest elements, and reduced to actual results, is a mere subtraction of so much money from the people, to increase the resources of the protected classes. Legislation for classes is against the doctrine of equal rights, repugnant to the spirit of our free institutions, and, it is apprehended by many, may become but another form for privileged orders under the name of protection instead of privilege—indicated here not by rank or title, but

by profits and dividends extracted from the many by taxes upon them for the benefit of the few.

No prejudice is felt by the Secretary of the Treasury against manufacturers. His opposition is to the protective system, and not to classes or individuals. He doubts not that the manufacturers are sincerely persuaded that the system which is a source of so much profit to them is beneficial also to the country. He entertains a contrary opinion, and claims for the opponents of the system a settled conviction of its injurious effects. Whilst a due regard to the just and equal rights of all classes forbids a discrimination in favor of the manufacturers by duties above the lowest revenue limit, no disposition is felt to discriminate against them by reducing such duties as operate in their favor below that standard. Under revenue duties, it is believed, they would still receive a reasonable profit — equal to that realized by those engaged in other pursuits; and it is thought they should desire no more, at least through the agency of governmental power. Equal rights and profits, so far as laws are made, best conform to the principles upon which the Constitution was founded, and with an undeviating regard to which all its functions should be exercised, — looking to the whole country and not to classes or sections.

Soil, climate, and other causes vary very much, in different countries, the pursuits which are most profitable in each; and the prosperity of all of them will be best promoted by leaving them unrestricted by legislation, to exchange with each other those fabrics and products which they severally raise most cheaply. This is clearly illustrated by the perfect free trade which exists among all the States of the Union, and by the acknowledged fact that any one of these States would be injured by imposing duties upon the products of the others. It is generally conceded that reciprocal free

trade among nations would best advance the interest of all. But it is contended that we must meet the tariffs of other nations by countervailing restrictions. That duties upon our exports by foreign nations are prejudicial to us, is conceded; but whilst this injury is slightly felt by the manufacturers, its weight falls almost exclusively upon agriculture, commerce, and navigation. If those interests which sustain the loss do not ask countervailing restrictions, it should not be demanded by the manufacturers, who do not feel the injury, and whose fabrics, in fact, are not excluded by the foreign legislation of which they complain. That agriculture, commerce, and navigation are injured by foreign restrictions, constitutes no reason why they should be subject to still severer treatment by additional restrictions and countervailing tariffs enacted at home. Commerce, agriculture, and navigation, harassed as they may be by foreign restrictions, diminishing the amount of exchangeable products which they could otherwise purchase abroad, are burdened with heavier impositions at home. Nor will augmented duties here lead to a reduction of foreign tariffs; but the reverse, by furnishing the protected classes there with the identical argument used by the protected classes here against reduction. By countervailing restrictions we injure our own fellow citizens much more than the foreign nations at whom we propose to aim their force; and in the conflict of opposing tariffs, we sacrifice our own commerce, agriculture, and navigation. As well might we impose monarchical or aristocratic restrictions on our own government or people because that is the course of foreign legislation. Let our commerce be as free as our political institutions. Let us, with revenue duties only, open our ports to all the world, and nation after nation will soon follow our example. If we reduce our tariff, the party opposed to the corn laws of England would

soon prevail, and admit all our agricultural products at all times freely into her ports, in exchange for her exports. And if England would now repeal her duties upon our wheat, flour, Indian corn, and other agricultural products, our own restrictive system would certainly be doomed to overthrow. If the question is asked, who shall begin this work of reciprocal reduction? it is answered by the fact, that England has already abated her duties upon most of our exports. She has repealed the duty upon cotton, and greatly reduced the tariff upon our breadstuffs, provisions, and other articles; and her present bad harvest, if accompanied by a reduction of our tariff, would lead to the repeal of her corn laws, and the unrestricted admission, at all times, of our agricultural products. The manufacturing interest opposes reciprocal free trade with foreign nations. It opposes the Zoll-Verein treaty; and it is feared that no other treaty producing a reciprocal reduction of our own and foreign tariffs will receive its support. If that interest preferred a reciprocal exchange of our own for foreign fabrics, at revenue duties, it would not have desired a tariff operating, without exception, against all nations that adopted low as well as high tariffs; nor would it have opposed every amendment proposing, when the tariff of 1842 was under consideration, a reduction of our duties upon the exports of such nations as would receive, free of duty, our flour and other agricultural products. If that interest desired reciprocal free trade with other nations, it would have desired a very different tariff from that of 1842. It would have sought to confine the high duties to those cases where the foreign importer would sell his imports for cash only; and admitted a drawback of one half of the duty where American exports would be taken abroad in exchange, — not an actual barter of foreign imports for an equal amount in value of our products, but without

any barter, where a sum equal to the value of their exports was used in purchasing here an equal amount in value of any of our products; and the shipment made abroad of these products, upon the same principle under which a drawback of duties is now allowed on the re-exportation of foreign imports. This would be less simple, and is not recommended in lieu of that absolute reduction of the duties which will accomplish the same object of unrestricted exchange. But such a provision would be a self-executing reciprocity law, and should be desired by those believing in countervailing tariffs against foreign nations, but in reciprocal free trade with all, — thus enabling our farmers and planters to sell their products for cheaper foreign manufactures, getting more for what they sell, and paying less for what they purchase in exchange. It seems strange, that while the profit of agriculture varies from 1% to 8%, that of manufactures is more than double. The reason is, that whilst the high duties secure nearly a monopoly of the home market to the manufacturer, the farmer and planter are deprived to a great extent of the foreign market by these duties. The farmer and planter are, to a great extent, forbidden to buy in the foreign market, and confined to the domestic articles enhanced in price by the duties. The tariff is thus a double benefit to the manufacturer, and a double loss to the farmer and planter, a benefit to the former in nearly a monopoly of the home market, and in enhanced prices of their fabrics; and a loss to the latter in the payment of those high prices, and a total or partial exclusion from the foreign market. The true question is, whether the farmer and planter shall, to a great extent, supply our people with cheap manufactures, purchased abroad with their agricultural products, or whether this exchange shall be forbidden by high duties on such manufactures, and their supply thrown, as a monopoly, at large prices,

by high tariffs, into the hands of our own manufacturers. The number of manufacturing capitalists who derive the benefit from the heavy taxes extracted by the tariff from 20,000,000 of people does not exceed 10,000. The whole number (including the working classes engaged in our manufactures) deriving any benefit from the tariff does not exceed 400,000, of whom not more than 40,000 have been brought into this pursuit by the last tariff. But this small number of 40,000 would still have been in the country, consuming our agricultural products; and in the attempt to secure them as purchasers, so small in number, and not consuming one half the supply of many counties, the farmer and planter are asked to sacrifice the markets of the world, containing a population of 800,000,000, disabled from purchasing our products by our high duties on all they would sell in exchange. The farmer and planter have the home market without a tariff; and they would have the foreign market also to a much greater extent, but for the total or partial prohibition of the last tariff.

We have more fertile lands than any other nation, can raise a greater variety of products, and, it may be said, could feed and clothe the people of nearly all the world. The home market, of itself, is wholly inadequate for such products. They must have the foreign market, or a large surplus, accompanied by great depression in price, must be the result. The States of Ohio, Indiana, and Illinois, if cultivated to their fullest extent, could of themselves raise more than sufficient food to supply the entire home market. Missouri or Kentucky could more than supply it with hemp; already the State of Mississippi raises more cotton than is sufficient for all the home market; Louisiana is rapidly approaching the same point as to sugar; and there are lands enough adapted to that product in Louisiana, Texas, and Florida, to supply with sugar and molasses



nearly all the markets of the world. If cotton is depressed in price by the tariff, the consequence must be a comparative diminution of the product, and the raising in its place, to a great extent, hemp, wheat, corn, stock, and provisions, which otherwise would be supplied by the teeming products of the West. The growing West in a series of years must be the greatest sufferers by the tariff, in depriving them of the foreign market and that of the cotton growing States. We demand, in fact, for our agricultural products, specie from nearly all the world, by heavy taxes upon all their manufactures; and their purchases from us must therefore be limited, as well as their sales to us enhanced in price. Such a demand for specie, which we know in advance cannot be complied with, is nearly equivalent to a decree excluding most of our agricultural products from the foreign markets. Such is the rigor of our restrictions that nothing short of a famine opens freely the ports of Europe for our breadstuffs. Agriculture is our chief employment; it is best adapted to our situation; and, if not depressed by the tariff, would be the most profitable. We can raise a larger surplus of agricultural products, and a greater variety, than almost any other nation, and at cheaper rates. Remove, then, from agriculture all our restrictions, and by its own unfettered power it will break down all foreign restrictions, and, ours being removed, would feed the hungry and clothe the poor of our fellow men throughout all the densely peopled nations of the world. But now we will take nothing in exchange for these products but specie, except at very high duties; and nothing but a famine breaks down all foreign restrictions, and opens for a time the ports of Europe to our breadstuffs. If, on a reduction of our duties, England repeals her corn laws, nearly all Europe must follow her example or give to her manufacturers advan-

tages which cannot be successfully encountered in most of the markets of the world. The tariff did not raise the price of our breadstuffs; but a bad harvest in England does, — giving us for the time that foreign market which we would soon have at all times by that repeal of the corn laws which must follow the reduction of our duties. But whilst breadstuffs rise with a bad harvest in England, cotton almost invariably falls; because the increased sum which, in that event, England must pay for our breadstuffs, we will take, not in manufactures, but only in specie; and not having it to spare, she brings down, even to a greater extent, the price of our cotton. Hence the result that a bad harvest in England reduces the aggregate price of our exports, often turns the exchanges against us, carrying our specie abroad, and inflicting a serious blow on our prosperity. Foreign nations cannot for a series of years import more than they export; and if we close our markets against their imports by high duties, they must buy less of our exports, or give a lower price, or both.

Prior to the 30th of June, 1842, a credit was given for the payment of duties; since which date they have been collected in cash. Before the cash duties and the tariff of 1842, our trade in foreign imports reexported abroad afforded large and profitable employment to our merchants, and freight to our commercial marine, both for the inward and outward voyage; but since the last tariff this trade is being lost to the country, as is proved by the tables hereto annexed. The total amount of foreign imports reexported during the three years since the last tariff, both of free and dutiable goods, is \$33,384,394, — being far less than in any three years (except during the war) since 1793, and less than was reexported in any one of eight several years. The highest aggregate of any three years was \$173,108,813, and the lowest aggregate \$41,315,705, — being in the

years 1794, 1795, and 1796. Before 1820 the free goods are not distinguished in this particular from the dutiable goods; but since that date the returns show the following result: During the three years since the tariff of 1842, the value of dutiable imports reexported was \$12,590,811, — being less than in any one of seven years preceding since 1820, the lowest aggregate of any three years since that date being \$14,918,444, and the highest \$57,727,293. Even before the cash duties, for five years preceding the high tariff of 1828, the value of dutiable goods reexported was \$94,796,241; and for the five years succeeding that tariff, \$66,784,192, — showing a loss of \$28,012,049 of our trade in foreign exports after the tariff of 1828. The diminution of this most valuable branch of commerce has been the combined result of cash duties and of the high tariff of 1842. If the cash duties are retained, as it is believed they should be, the only sure method of restoring this trade is the adoption of the warehousing system, by which the foreign imports may be kept in store by the government until they are required for reexportation abroad, or consumption at home — in which latter contingency, and at the time when, for that purpose, they are taken out of these stores for consumption, the duties are paid, and if reexported, they pay no duty, but only the expense of storage. Under the present system, the merchant introduces foreign imports of the value of \$100,000. He must now, besides the advance for the goods, make a further advance in cash, in many cases, of \$50,000 for the duties. Under such a system but a small amount of goods will be imported for drawbacks; and the higher the duty the larger must be the advance, and the smaller the imports for reexportation.

The imports, before payment of duties, under the same regulations now applied to our imports in transit to

Canada, may be taken from warehouse to warehouse — from the East to the lakes, and to Pittsburg, Cincinnati, and Louisville; from New Orleans to Natchez, Vicksburg, Memphis, and St. Louis — and warehoused in these and other interior ports, the duties remaining unpaid until the goods are taken out of the warehouse, and out of the original package at such ports, for consumption; thus carrying our foreign commerce into the interior, with all the advantage of augmented business, and cheaper supplies throughout the country. It will introduce into our large ports on or near the seaboard, assorted cargoes of goods to be reexported with our own, to supply the markets of the world. It will cheapen prices to the consumer, by deducting the interest and profit that are now charged upon the advance of duty, — building up the marts of our own commerce, and giving profitable employment to our own commercial marine. It will greatly increase our revenue by augmenting our imports, together with our exports; and is respectfully recommended to Congress, as an important part of the whole system now proposed for their consideration.

The act of the 3d of March last, allowing a drawback on foreign imports exported from certain of our ports to Canada, and also to Santa Fé and Chihuahua, in Mexico, has gone to some extent into effect under regulations prescribed by this department, and is beginning to produce the most happy results, especially in an augmented trade in the supply of foreign exports to Canada from our own ports. Indeed, this law must soon give to us the whole of this valuable trade during the long period when the St. Lawrence is closed by ice, and a large proportion of it at all seasons. The result would be still more beneficial, if Canada were allowed to carry all her exports to foreign nations in transitu through our own railroads, rivers, and canals, to be shipped from

our own ports. Such a system, whilst it would secure to us this valuable trade, would greatly enlarge the business on our rivers, lakes, railroads, and canals, as well as augment our commerce; and would soon lead to the purchase, by Canada, not only of our foreign exports, but also, in many cases, of our domestic products and fabrics, to complete an assortment. In this manner our commercial relations with Canada would become more intimate, and more and more of her trade every year would be secured to our people.

Connected with this department and the finances is the question of the sales of the public lands. The proceeds of these sales, it is believed, should continue to constitute a portion of the revenue, diminishing to that extent the amount required to be raised by the tariff. The net proceeds of these sales paid into the treasury during the last fiscal year, was \$2,077,022.30; and from the first sales in 1787 up to the 30th of September last, was \$118,607,335.91. The average annual sales have been much less than 2,000,000 of acres; yet the aggregate net proceeds of the sales, in 1834, 1835, 1836, and 1837, was \$51,268,617.82. Those large sales were almost exclusively for speculation; and this can only be obviated, at all times, by confining the sales to settlers and cultivators in limited quantities, sufficient for farms or plantations. The price at which the public lands should be sold is an important question to the whole country, but especially to the people of the new States, living mostly remote from the seaboard, and who have scarcely felt the presence of the government in local expenditures, but chiefly in the exhaustion of their means for purchases of public lands and for customs. The public lands are not of the same value; yet they are all fixed at one unvarying price, which is far above the value of a large portion of these lands. The quantity now subject to entry at the minimum price of \$1.25

per acre is 133,307,457 acres, and 109,035,345 in addition, to which the Indian title has been extinguished, — being an aggregate of 242,342,802 acres, and requiring a century and a quarter to complete the sales at the rate they have progressed heretofore, without including any of the unsold lands of Texas or Oregon, or of the vast region besides to which the Indian title is not yet extinguished. It is clear, then, that there is a vast and annually-increasing surplus of public lands, very little of which will be sold within any reasonable period at the present price, and in regard to which the public interest would be promoted, and the revenue augmented by reducing the price. The reduction of the price of the public lands in favor of settlers and cultivators would enhance the wages of labor. It is an argument urged in favor of the tariff, that we ought to protect our labor against what is called the pauper labor of Europe. But whilst the tariff does not enhance the wages of labor, the sales of the public lands at low prices, and in limited quantities, to settlers and cultivators, would accomplish this object. If those who live by the wages of labor could purchase 320 acres of land for \$80, 160 acres for \$40, or 80 acres for \$20, or a 40 acre lot for \$10, the power of the manufacturing capitalist in reducing the wages of labor would be greatly diminished; because, when these lands were thus reduced in price, those who live by the wages of labor could purchase farms at these low rates, and cultivate the soil for themselves and families, instead of working for others twelve hours a day in the manufactories. Reduce the price which the laborer must pay for the public domain; bring thus the means of purchase within his power; prevent all speculation and monopoly in the public lands; confine the sales to settlers and cultivators, in limited quantities; preserve these hundreds of millions of acres, for ages to come, as homes for the poor and

oppressed; reduce the taxes, by reducing the tariff, and bringing down the prices which the poor are thus compelled to pay for all the necessities and comforts of life, and more will be done for the benefit of American labor than if millions were added to the profits of manufacturing capital by the enactment of a protective tariff.

The Secretary of the Treasury, on coming into office, found the revenues deposited with banks. The law establishing the Independent Treasury was repealed, and the secretary had no power to reestablish that system. Congress had not only repealed that law, but, as a substitute, had adopted the present system of deposit banks, and prohibited changing any one of those for another bank, except for specified reasons. No alternative was left but to continue the existing system until Congress should think proper to change it. That change, it is hoped, will now be made by a return to the treasury of the Constitution. One of the great evils of banks is the constant expansion and contraction of the currency; and this evil is augmented by the deposits of the revenue with banks, whether State or national. The only proper course for the government is to keep its own money separate from all banks and bankers, in its own treasury, — whether in the mint, branch mints, or other government agencies, — and to use only gold and silver coin in all receipts and disbursements. The business of the country will be more safe when an adequate supply of specie is kept within our limits, and its circulation encouraged by all the means within the power of the government. If this government and the States and the people unite in suppressing the use of specie, an adequate supply, for want of a demand, cannot be kept within our limits, and the condition of the business and currency of the country will be perilous and uncertain. It will be completely within the power of

the banks, whose paper will constitute the exclusive circulation of the whole community. Nor will it be useful to establish a constitutional treasury, if it is to receive or disburse the paper of banks. Separation from banks in that case would only be nominal, and no addition would be made to the circulation of gold and silver.

Various forms of paper credit have been suggested, as connected with the operations of the constitutional treasury ; but they are all considered as impairing one of the great objects of such a treasury, namely, an augmented circulation of specie. If paper, in whatever form, or from whatever source it may issue, should be introduced as a circulation by the constitutional treasury, it would, precisely to that extent, diminish its use as a means of circulating gold and silver.

The constitutional treasury could be rendered a most powerful auxiliary of the mint in augmenting the specie circulation. The amount of public money which can be placed in the mint is now limited by law to \$1,000,000 ; and to that extent it is now used as a depository, and as a means of increasing our coinage. It is suggested that this limitation may be so modified as to permit the use of our mint and branch mints for a much larger sum, in connection with the constitutional treasury. The amount of public money received at New York greatly exceeds that collected at all other points, and would of itself seem to call for a place of public deposit there ; in view of which, the location of a branch of the mint of the United States at that city would be most convenient and useful. The argument used against a constitutional treasury, of the alleged insecurity of the public funds in the hands of individuals, and especially the vast amount collected at New York, will be entirely obviated by such an establishment. The mint of the United States has now been in existence fifty-two years. It



has had the custody of upwards of \$114,000,000, and during this long period of time there never has been a loss of any of its specie in the mint by the government. The mint at Philadelphia is now conducted with great efficiency, by the able and faithful officer at the head of that establishment, whose general supervisory authority, without leaving the parent mint, might still be wisely extended to the branch at New York. Besides the utility of such a branch as a place for keeping safely and disbursing the public money, it is believed that the coinage might be greatly augmented by the existence of a branch of the mint at that great city. It is there that two thirds of the revenue is annually collected, — the whole of which, under the operation of the constitutional treasury, would be received in specie. Of that amount, a very large sum would be received in coin of other countries, and especially in foreign gold coins, — all which could be speedily converted upon the spot into our own coins of gold and silver. The amount also of such foreign coin brought by emigrants to the city of New York is very considerable; a large portion of which would find its way to the branch of the mint for re-coinage. The foreign gold coins do not, and it is feared will not, circulate generally as a currency, notwithstanding they are made a tender by law. The rate at which these coins are fixed by law is not familiar to the people; the denomination of such coin is inconvenient; the parts into which it is divided are not decimal; the rates at which it is taken vary in different parts of the Union. It is inconvenient in the way of ready transfer in counting; it is more difficult, in common use, to distinguish the genuine from the counterfeit foreign coin; and the stamp upon it is not familiar to the people, — from all which causes, a foreign gold coin does not, and will not, circulate generally as a currency among the people. In many of the banks,

nearly the whole of their specie is kept in every variety of foreign gold coin; and when it is tendered by them in payment of their notes, the great body of the people, not being familiar with these coins, do not receive them; and thus the circulation of a gold currency is, to a great extent, defeated. If these coins were converted at our mint, or branch mints, into the eagle, the half eagle, and quarter eagle, we should speedily have a large supply of American gold coin, and it would very soon be brought into common use as a currency, and thus give to it greater stability, and greater security to all the business of the country. A considerable amount of foreign gold coin has, during the present year, under the directions of this department, been converted into American gold coin; but the process would be much more rapid if aided by the organization of the constitutional treasury, and the establishment of a branch of the mint at the great commercial emporium of the Union. With the mint and branch mints as depositories, the sum remaining in the hands of other receivers of public money, whether of lands or customs, would be inconsiderable, and the government could be readily protected from all losses of such sums by adequate bonds, and the power by law to convict and punish as criminals all who embezzle the public moneys. •

It is believed, under such a system, that no defaults would take place, and that the public moneys would be safely kept and disbursed in gold and silver. This government is made, by the constitution, the guardian of a specie currency. That currency can only be coined, and its value regulated, by this government. It is one of its first duties to supply such a currency, by an efficient mint, and by general regulations of the coinage; but in vain will it attempt to perform that duty, if, when coin is made or regulated in value, this government dispenses with its use, and expels it from circu-

lation, or drives it out of the country, by substituting the paper of banks in all the transactions of the government.

There is nothing which will advance so surely the prosperity of the country as an adequate supply of specie, diffused throughout every portion of the Union, and constituting, to a great extent, the ordinary circulation everywhere among the people. It is a currency that will never break nor fail; it will neither expand nor contract beyond the legitimate business of the country; it will lead to no extravagant speculations at one time, to be followed by certain depression at another; nor will labor ever be robbed of its reward by the depreciation of such currency. There is no danger that we shall have too much gold and silver in actual circulation, or too small an amount of bank paper, or that any injury ever will be inflicted upon the business of the country, by a diminution of the circulation of the paper of banks, and the substitution in its place, to that extent, of gold and silver. Even their most ardent advocates must admit that banks are subject to periodical expansions and contractions, and that this evil would be increased by giving them the funds of the government to loan, and by receiving and disbursing nothing but their paper.

It is believed that the permanent interest of every class of the people will be advanced by the establishment of the constitutional treasury, and that the manufacturers especially will derive great benefit from its adoption. It will give stability to all their operations, and insure them, to a great extent, against those fluctuations, expansions, and contractions of the currency so prejudicial to their interests. By guarding against inflations of the currency, it will have a tendency to check periodical excesses of foreign importations purchased in fact upon credit; while loans from banks

or dangerous enlargements of their business, and excessive issues of their paper will be greatly diminished. Whilst a sound and stable currency guards the manufacturer against excessive importations from abroad, it protects him from disasters at home, and from those ruinous revulsions in which so many thousands are reduced to bankruptcy. The tariff, if followed, as in the absence of adequate checks it certainly soon will be, by an inflated currency, whilst it thus enhances the expenses of manufacturing at home, will speedily and certainly raise prices up to the whole amount of the duty, so as to repeal the operation of that duty in favor of the manufacturer, and enable the foreign importer again to flood the market at the enhanced prices arising from an inflated currency. But soon the revulsion comes, and all are overwhelmed in a common ruin. The currency is reduced below the wants of the country by a sudden and ruinous contraction; and the labor and industry of years are required to repair the mischief. Stability, both in the tariff and the currency, is what the manufacturer should most desire. Let the tariff be permanently adjusted by a return to reasonable and moderate revenue duties, which, even when imposed truly and in good faith for that purpose, will yield sufficient advantage to afford reasonable profits; and let this permanent system (and none other can be permanent) be established, and accompanied by a stable currency, and the manufacturer in a series of years will derive the greatest benefits from the system. The present system cannot be permanent. It is too unequal and unjust, too exorbitant and oppressive, and too clearly in conflict with the fundamental principles of the Constitution. If the manufacturer thinks that this system can be permanent, let him look to the constant changes which have attended all attempts to establish and continue a protective tariff. The first tariff was

based in part upon the principle of very moderate protection to domestic manufactures; and the result has been, as appears by the table hereto annexed, that the tariff has been changed and modified thirty times since that period, — being more than once, on an average, for every Congress since the government was founded; and one of these tariffs was in itself a system of successive biennial changes, operating through a period of ten years. Of these changes, fourteen have been general, and sixteen special. From 1816 onward, these changes have been most frequent; and it is vain to expect permanency from anything but a revenue tariff. Stability is what the manufacturer should desire, and especially that the question should be taken out of the arena of politics by a just and permanent settlement. A great number of tables illustrative of the effects of the tariff, compiled from official documents, accompany this report. Some of these tables exhibit the operation of each of our tariffs from the organization of the government to the present period. In order to enable the Secretary to comply with the direction of the acts of Congress, requiring him in his annual report to suggest “plans for improving or increasing the revenues,” and to give “information to Congress in adopting modes of raising” the revenue, two circulars were issued, published and generally distributed, propounding various questions connected with this subject, and requesting replies. Some answers have been received from friends as well as opponents of the tariff; but the Secretary regrets that the manufacturers, with very few exceptions, have declined answering these questions, or communicating any information as regards their profits and surplus, or in relation to the wages of labor. An abstract of all that is deemed useful in these replies, together with a copy of both the circulars, is appended to this report.

The coast survey is rapidly progressing, having been extended eastward to the eastern coast of Massachusetts, and southward nearly to the dividing line of Maryland and Virginia, on the Chesapeake. Two new centres of operation have been opened under the sanction of this department, in North Carolina, and on the Gulf of Mexico, from which the work may be spread until the parts unite. Important positions for forts, navy yards, harbors, and lighthouses, present themselves along this interesting portion of the coast of Louisiana, Mississippi, and Alabama, and the islands guarding the interior channel between Mobile and New Orleans. Great economy exists in the administration of the fund appropriated for the coast survey; and every effort is made by the superintendent to press the work onward to a completion; and his report in detail will be hereafter submitted to Congress. Three charts, resulting from the survey, have been published within the past year, and five more are nearly ready for publication. This great work is most honorable to the science of our country, most useful to our navy and commercial marine, and, in connection with our lighthouses, must decrease the cost of freight and insurance, as well as the risk of life and property. Great attention has been given by this department to the very important subject of our lighthouse system. The various improvements suggested by experience at home or abroad; the relative advantages of gas or oil, of reflectors, lenticular and revolving lights; the location and construction of the buildings, as well as the mode of keeping the lights, are all being fully and carefully investigated, and a report, it is believed, will be ready during the present session of Congress. From the Chesapeake to the capes of Florida, and thence westward, our coast is badly lighted, as well as the great lakes of the Northwest; and numerous wrecks, often accompanied with loss of life and property, seem to require the interposition of Congress.

Such portions of the charts of the exploring expedition as were placed under the charge of this department were distributed for the benefit of our whale ships. These valuable charts embrace the survey of many hitherto almost unexplored regions and islands of the Pacific, as well as a part of the coast of Oregon, and must be eminently useful for many purposes, but especially to our seamen and merchants engaged in the whale fishery. In pursuance of a resolution of Congress, a report is in progress of preparation as regards the banks and currency, and also in relation to statistics; and these, with all other reports required from this department, will be presented at the earliest practicable period of the present session.

In presenting his annual report, in obedience to the law, the Secretary of the Treasury submits his views with undissembled diffidence, consoled by the reflection that all his errors of judgment will be corrected by the superior wisdom of the two Houses of Congress, guided and directed by that overruling Providence which has blessed the unexampled progress of this great and happy Union.

R. J. WALKER,

*Secretary of the Treasury.*

HON. JOHN W. DAVIS,

*Speaker of the House of Representatives.*

SPEECH OF HENRY CLAY ON AMERICAN  
INDUSTRY,

IN THE HOUSE OF REPRESENTATIVES, MARCH 30 AND  
31, 1824.

THE gentleman from Virginia [Mr. Barbour] has embraced the occasion produced by the proposition of the gentleman from Tennessee to strike out the minimum price in the bill on cotton fabrics, to express his sentiments at large on the policy of the pending measure; and it is scarcely necessary for me to say that he has evinced his usual good temper, ability, and decorum. The parts of the bill are so intermingled and interwoven together that there can be no doubt of the fitness of this occasion to exhibit its merits or its defects. It is my intention, with the permission of the committee, to avail myself also of this opportunity, to present to its consideration those general views, as they appear to me, of the true policy of this country, which imperiously demand the passage of this bill. I am deeply sensible, Mr. Chairman, of the high responsibility of my present situation. But that responsibility inspires me with no other apprehension than that I shall be unable to fulfill my duty; with no other solicitude than that I may, at least, in some small degree, contribute to recall my country from the pursuit of a fatal policy, which appears to me inevitably to lead to its impoverishment and ruin. I do feel most awfully this responsibility. And if it were allowable for us at the present day to imitate ancient examples, I would invoke the aid of the Most High. I would anxiously and fervently implore his divine assistance: that He would be graciously pleased



to shower on my country his richest blessings; and that He would sustain, on this interesting occasion, the humble individual who stands before Him, and lend him the power, moral and physical, to perform the solemn duties which now belong to his public station.

Two classes of politicians divide the people of the United States. According to the system of one, the produce of foreign industry should be subjected to no other impost than such as may be necessary to provide a public revenue; and the produce of American industry should be left to sustain itself, if it can, with no other than that incidental protection, in its competition, at home as well as abroad, with rival foreign articles. According to the system of the other class, whilst they agree that the imposts should be mainly, and may under any modification be safely, relied on as a fit and convenient source of public revenue, they would so adjust and arrange the duties on foreign fabrics as to afford a gradual but adequate protection to American industry, and lessen our dependence on foreign nations, by securing a certain and ultimately a cheaper and better supply of our own wants from our own abundant resources. Both classes are equally sincere in their respective opinions, equally honest, equally patriotic, and desirous of advancing the prosperity of the country. In the discussion and consideration of these opposite opinions for the purpose of ascertaining which has the support of truth and reason, we should, therefore, exercise every indulgence and the greatest spirit of mutual moderation and forbearance. And in our deliberations on this great question, we should look fearlessly and truly at the actual condition of the country, retrace the causes which have brought us into it, and snatch, if possible, a view of the future. We should, above all, consult experience — the experience of other nations, as well as our own — as our truest and most unerring guide.

In casting our eyes around us, the most prominent circumstance which fixes our attention and challenges our deepest regret is the general distress which pervades the whole country. It is forced upon us by numerous facts of the most incontestable character. It is indicated by the diminished exports of native produce; by the depressed and reduced state of our foreign navigation; by our diminished commerce; by successive unthrashed crops of grain, perishing in our barns and barn-yards for the want of a market; by the alarming diminution of the circulating medium; by the numerous bankruptcies, not limited to the trading classes, but extending to all orders of society; by a universal complaint of the want of employment, and a consequent reduction of the wages of labor; by the ravenous pursuit after public situations, not for the sake of their honors and the performance of their public duties, but as a means of private subsistence; by the reluctant resort to the perilous use of paper money; by the intervention of legislation in the delicate relation between debtor and creditor; and, above all, by the low and depressed state of the value of almost every description of the whole mass of the property of the nation, which has, on an average, sunk not less than about fifty per centum within a few years. This distress pervades every part of the Union, every class of society; all feel it, though it may be felt at different places, in different degrees. It is like the atmosphere which surrounds us, — all must inhale it, and none can escape it. In some places it has burst upon our people, without a single mitigating circumstance to temper its severity. In others, more fortunate, slight alleviations have been experienced in the expenditure of the public revenue, and in other favoring causes. A few years ago the planting interest consoled itself with its happy exemptions, but it has now reached this interest also, which experiences,

though with less severity, the general suffering. It is most painful to me to attempt to sketch or to dwell on the gloom of this picture. But I have exaggerated nothing. Perfect fidelity to the original would have authorized me to have thrown on deeper and darker hues. And it is the duty of the statesman, no less than that of the physician, to survey, with a penetrating, steady, and undismayed eye, the actual condition of the subject on which he would operate; to probe to the bottom the diseases of the body politic, if he would apply efficacious remedies. We have not, thank God, suffered in any great degree for food. But distress resulting from the absence of a supply of the mere physical wants of our nature, is not the only nor perhaps the keenest distress to which we may be exposed. Moral and pecuniary suffering is, if possible, more poignant. It plunges its victim into hopeless despair. It poisons, it paralyzes the spring and source of all useful exertion. Its unsparing action is collateral as well as direct. It falls with inexorable force at the same time upon the wretched family of embarrassment and insolvency and upon its head. They are a faithful mirror, reflecting back upon him at once his own frightful image, and that no less appalling of the dearest objects of his affection. What is the cause of this wide-spreading distress, of this deep depression, which we behold stamped on the public countenance? We are the same people: We have the same country. We cannot arraign the bounty of Providence. The showers still fall in the same grateful abundance. The sun still casts his genial and vivifying influence upon the land; and the land, fertile and diversified in its soils as ever, yields to the industrious cultivator in boundless profusion its accustomed fruits, its richest treasures. Our vigor is unimpaired. Our industry has not relaxed. If ever the accusation of wasteful extravagance could

be made against our people, it cannot now be justly preferred. They, on the contrary, for the few last years at least, have been practicing the most rigid economy. The causes, then, of our present affliction, whatever they may be, are human causes, and human causes not chargeable upon the people, in their private and individual relations.

What, again I would ask, is the cause of the unhappy condition of our country, which I have faintly depicted? It is to be found in the fact that, during almost the whole existence of this government, we have shaped our industry, our navigation, and our commerce, in reference to an extraordinary war in Europe, and to foreign markets which no longer exist; in the fact that we have depended too much upon foreign sources of supply, and excited too little the native; in the fact that, whilst we have cultivated, with assiduous care, our foreign resources, we have suffered those at home to wither in a state of neglect and abandonment. The consequence of the termination of the war of Europe has been the resumption of European commerce, European navigation, and the extension of European agriculture and European industry in all its branches. Europe, therefore, has no longer occasion, to anything like the same extent as that she had during her wars, for American commerce, American navigation, the produce of American industry. Europe, in commotion, and convulsed throughout all her members, is to America no longer the same Europe as she is now, tranquil, and watching with the most vigilant attention all her own peculiar interests without regard to the operation of her policy upon us. The effect of this altered state of Europe upon us has been, to circumscribe the employment of our marine, and greatly to reduce the value of the produce of our territorial labor. The further effect of this twofold reduction has been to decrease the value of all property, whether on

the land or on the ocean, and which I suppose to be about fifty per cent. And the still further effect has been to diminish the amount of our circulating medium, in a proportion not less, by its transmission abroad, or its withdrawal by the banking institutions, from a necessity which they could not control. The quantity of money, in whatever form it may be, which a nation wants, is in proportion to the total mass of its wealth, and to the activity of that wealth. A nation that has but little wealth has but a limited want of money. In stating the fact, therefore, that the total wealth of the country has diminished, within a few years, in a ratio of about fifty per cent, we shall at once fully comprehend the inevitable reduction which must have ensued in the total quantity of the circulating medium of the country. A nation is most prosperous when there is a gradual and untempting addition to the aggregate of its circulating medium. It is in a condition the most adverse, when there is a rapid diminution in the quantity of the circulating medium, and a consequent depression in the value of property. In the former case the wealth of individuals insensibly increases, and income keeps ahead of expenditure. But in the latter instance, debts have been contracted, engagements made, and habits of expense established in reference to the existing state of wealth and of its representative. When these come to be greatly reduced, individuals find their debts still existing, their engagements unexecuted, and their habits inveterate. They see themselves in the possession of the same property, on which, in good faith, they had bound themselves. But that property, without their fault, possesses no longer the same value; and hence discontent, impoverishment and ruin arise. Let us suppose, Mr. Chairman, that Europe was again the theatre of such a general war as recently raged throughout all her dominions, — such a state of the war as ex-

isted in her greatest exertions and in our greatest prosperity ; instantly there would arise a greedy demand for the surplus produce of our industry, for our commerce, for our navigation. The languor which now prevails in our cities and in our seaports would give way to an animated activity. Our roads and rivers would be crowded with the produce of the interior. Everywhere we should witness excited industry. The precious metals would reflow from abroad upon us. Banks which have maintained their credit would revive their business ; and new banks would be established to take the place of those which have sunk beneath the general pressure. For it is a mistake to suppose that they have produced our present adversity ; they may have somewhat aggravated it, but they were the effect and the evidence of our prosperity. Prices would again get up ; the former value of property would be restored. And those embarrassed persons who have not been already overwhelmed by the times would suddenly find, in the augmented value of their property, and the renewal of their business, ample means to extricate themselves from all their difficulties. The greatest want of civilized society is a market for the sale and exchange of the surplus of the produce of the labor of its members. This market may exist at home or abroad, or both ; but it must exist somewhere, if society prospers ; and wherever it does exist, it should be competent to the absorption of the entire surplus of production. It is most desirable that there should be both a home and a foreign market. But with respect to their relative superiority, I cannot entertain a doubt. The home market is first in order, and paramount in importance. The object of the bill under consideration is, to create this home market, and to lay the foundations of a genuine American policy. It is opposed ; and it is incumbent upon the partisans of the foreign policy (terms which

I shall use without any invidious intent) to demonstrate that the foreign market is an adequate vent for the surplus produce of our labor. But is it so? First, foreign nations cannot, if they would, take our surplus produce. If the source of supply, no matter of what, increases in a greater ratio than the demand for that supply, a glut of the market is inevitable, even if we suppose both to remain perfectly unobstructed. The duplication of our population takes place in terms of about twenty-five years. The term will be more and more extended as our numbers multiply. But it will be a sufficient approximation to assume this ratio for the present. We increase, therefore, in population, at the rate of about 4% per annum. Supposing the increase of our production to be in the same ratio, we should, every succeeding year, have of surplus produce 4% more than that of the preceding year, without taking into the account the differences of seasons which neutralize each other. If, therefore, we are to rely upon the foreign market exclusively, foreign consumption ought to be shown to be increasing in the same ratio of 4% per annum, if it be an adequate vent for our surplus produce. But, as I have supposed the measure of our increasing production to be furnished by that of our increasing population, so the measure of their power of consumption must be determined by that of the increase of their population. Now, the total foreign population, who consume our surplus produce, upon an average, do not double their aggregate number in a shorter term than that of about one hundred years. Our powers of production increase, then, in a ratio four times greater than their powers of consumption. And hence their utter inability to receive from us our surplus produce.

But, secondly, if they could, they will not. The policy of all Europe is adverse to the reception of our agricul-

tural produce, so far as it comes into collision with its own; and under that limitation we are absolutely forbid to enter their ports, except under circumstances which deprive them of all value as a steady market. The policy of all Europe rejects those great staples of our country which consist of objects of human subsistence. The policy of all Europe refuses to receive from us anything but those raw materials of smaller value, essential to their manufactures, to which they can give a higher value, with the exception of tobacco and rice, which they cannot produce. Even Great Britain, to which we are its best customer, and from which we receive nearly one half in value of our whole imports, will not take from us articles of subsistence produced in our country cheaper than can be produced in Great Britain. In adopting this exclusive policy, the states of Europe do not inquire what is best for us, but what suits themselves respectively; they do not take jurisdiction of the question of our interests, but limit the object of their legislation to that of the conservation of their own peculiar interests, leaving us free to prosecute ours as we please. They do not guide themselves by that romantic philanthropy which we see displayed here, and which invokes us to continue to purchase the produce of foreign industry, without regard to the state or prosperity of our own, that foreigners may be pleased to purchase the few remaining articles of ours which their restricted policy has not yet absolutely excluded from their consumption. What sort of a figure would a member of the British Parliament have made, what sort of a reception would his opposition have obtained, if he had remonstrated against the passage of the corn-law, by which British consumption is limited to the bread-stuffs of British production, to the entire exclusion of American, and stated that America could not and would not buy British manufactures, if Britain did not buy American flour?



Both the inability and the policy of foreign powers, then, forbid us to rely upon the foreign market, as being an adequate vent for the surplus produce of American labor. Now let us see if this general reasoning is not fortified and confirmed by the actual experience of this country. If the foreign market may be safely relied upon, as furnishing an adequate demand for our surplus produce, then the official documents will show a progressive increase from year to year in the exports of our native produce, in proportion equal to that which I have suggested. If, on the contrary, we shall find from them that, for a long term of past years, some of our most valuable staples have retrograded, some remained stationary, and others advanced but little, if any, in amount, with the exception of cotton, the deductions of reason and the lessons of experience will alike command us to withdraw our confidence in the competency of the foreign market. The total amount of all our exports of domestic produce for the year beginning in 1795, and ending on the 30th September, 1796, was \$40,764,097. Estimating the increase according to the ratio of the increase of our population, that is, at 4% per annum, the amount of the exports of the same produce, in the year ending on the 30th of September last, ought to have been \$85,420,861. It was in fact only \$47,155,408. Taking the average of five years, from 1803 to 1807, inclusive, the amount of native produce exported was \$43,202,751 for each of those years. Estimating what it ought to have been, during the last year, applying the principle suggested to that amount, there should have been exported \$77,760,751, instead of \$47,155,408. If these comparative amounts of the aggregate actual exports, and what they ought to have been, be discouraging, we shall find, on descending into particulars, still less cause of satisfaction. The export of tobacco in 1791 was 112,428 hogsheads. That was the

year of the largest exportation of that article; but it is the only instance in which I have selected the maximum of exportation. The amount of what we ought to have exported last year, estimated according to the scale of increase which I have used, is 266,332 hogsheads. The actual export was 99,009 hogsheads. We exported, in 1803, the quantity of 1,311,853 barrels of flour, and ought to have exported last year 2,361,333 barrels. We in fact exported only 756,702 barrels. Of that quantity we sent to South America 150,000 barrels, according to a statement furnished me by the diligence of a friend near me [Mr. Poinsett] to whose valuable mass of accurate information in regard to that interesting quarter of the world I have had occasion frequently to apply. But that demand is temporary, growing out of the existing state of war. Whenever peace is restored to it, — and I now hope that the day is not distant when its independence will be generally acknowledged, — there cannot be a doubt that it will supply its own consumption. In all parts of it, the soil, either from climate or from elevation, is well adapted to the culture of wheat; and nowhere can better wheat be produced than in some portions of Mexico and Chili. Still the market of South America is one which, on other accounts, deserves the greatest consideration. And I congratulate you, the committee, and the country on the recent adoption of a more auspicious policy towards it.

We exported, in 1803, Indian corn to the amount of 2,074,608 bushels. The quantity should have been, in 1823, 3,734,288 bushels. The actual quantity exported was 749,034 bushels, or about one fifth of what it should have been, and a little more than one third of what it was more than twenty years ago. We ought not, then, to be surprised at the extreme depression of the price of that article, of which I have heard my honorable

friend (Mr. Bassett) complain, nor of the distress of the corn-growing districts adjacent to the Chesapeake Bay. We exported 77,934 barrels of beef in 1803, and last year but 61,418, instead of 140,274 barrels. In the same year (1803) we exported 96,602 barrels of pork, and last year 55,529, instead of 173,882 barrels. Rice has not advanced, by any means, in the proportion which it ought to have done. All the small articles, such as cheese, butter, candles, and so forth, too minute to detail, but important in their aggregate, have also materially diminished. Cotton alone has advanced. But whilst the quantity of it is augmented, its actual value is considerably diminished. The total quantity last year exceeded that of the preceding year by nearly 30,000,000 pounds. And yet the total value of the year of smaller exportation exceeded that of the last year by upwards of \$3,500,000. If this article, the capacity of our country to produce which was scarcely known in 1790, were subtracted from the mass of our exports, the value of the residue would only be a little upwards of \$27,000,000 during the last year. The distribution of the articles of our exports throughout the United States cannot fail to fix the attention of the Committee. Of the \$47,155,408 to which they amounted last year, three articles alone (cotton, rice, and tobacco) composed together \$28,549,177. Now these articles are chiefly produced in the South. And if we estimate that portion of our population who are actually engaged in their culture, it would probably not exceed 2,000,000. Thus, then, less than one fifth of the whole population of the United States produced upwards of one half—nearly two thirds—of the entire value of the exports of the last year.

Is this foreign market, so incompetent at present, and which, limited as its demands are, operates so unequally upon the productive labor of our country, likely to im-

prove in future ? If I am correct in the views which I have presented to the Committee, it must become worse and worse. What can improve it ? Europe will not abandon her own agriculture to foster ours. We may even anticipate that she will more and more enter into competition with us in the supply of the West India market. That of South America, for articles of subsistence, will probably soon vanish. The value of our exports for the future may remain at about what it was last year. But if we do not create some new market, if we persevere in the existing pursuits of agriculture, the inevitable consequence must be, to augment greatly the quantity of our produce, and to lessen its value in the foreign market. Can there be a doubt on this point ? Take the article of cotton, for example, which is almost the only article that now remunerates labor and capital. A certain description of labor is powerfully attracted towards the cotton-growing country. The cultivation will be greatly extended, the aggregate amount annually produced will be vastly augmented. The price will fall. The more unfavorable soils will then be gradually abandoned. And I have no doubt that, in a few years, it will cease to be profitably produced, anywhere north of the thirty-fourth degree of latitude. But in the mean time, large numbers of the cotton-growers will suffer the greatest distress. And whilst this distress is brought upon our own country, foreign industry will be stimulated by the very cause which occasions our distress. For, by surcharging the markets abroad, the price of the raw material being reduced, the manufacturer will be able to supply cotton fabrics cheaper ; and the consumption in his own country, and in foreign nations other than ours (where the value of the import must be limited to the value of the export, which I have supposed to remain the same) being proportionally extended, there will be consequently an increased demand for the produce of his industry.

Our agricultural is our greatest interest. It ought ever to be predominant. All others should bend to it. And, in considering what is for its advantage, we should contemplate it in all its varieties, of planting, farming, and grazing. Can we do nothing to invigorate it; nothing to correct the errors of the past, and to brighten the still more unpromising prospects which lie before us? We have seen, I think, the causes of the distresses of the country. We have seen that an exclusive dependence upon the foreign market must lead to still severer distress, to impoverishment, to ruin. We must then change somewhat our course. We must give a new direction to some portion of our industry. We must speedily adopt a genuine American policy. Still cherishing the foreign market, let us create also a home market, to give further scope to the consumption of the produce of American industry. Let us counteract the policy of foreigners, and withdraw the support which we now give to their industry, and stimulate that of our own country. It should be a prominent object with wise legislators to multiply the vocations and extend the business of society, as far as it can be done, by the protection of our interests at home against the injurious effects of foreign legislation. Suppose we were a nation of fishermen, or of skippers, to the exclusion of every other occupation, and the legislature had the power to introduce the pursuits of agriculture and manufactures, would not our happiness be promoted by an exertion of its authority? All the existing employments of society—the learned professions, commerce, agriculture—are now overflowing. We stand in each other's way. Hence the want of employment. Hence the eager pursuit after public stations, which I have before glanced at. I have been again and again shocked during this session by instances of solicitation for places before the vacancies existed. The pulse of incumbents

who happen to be taken ill is not marked with more anxiety by the attending physicians than by those who desire to succeed them, though with very opposite feelings. Our old friend, the faithful sentinel, — who has stood so long at our door, and the gallantry of whose patriotism deserves to be noticed because it was displayed when that virtue was most rare and most wanted, on a memorable occasion in this unfortunate city, — became indisposed some weeks ago. The first intelligence which I had of his dangerous illness was by an application for his unvacated place. I hastened to assure myself of the extent of his danger, and was happy to find that the eagerness of succession outstripped the progress of disease. By creating a new and extensive business, then, we should not only give employment to those who want it, and augment the sum of national wealth by all that this new business would create, but we should meliorate the condition of those who are now engaged in existing employments. In Europe, particularly in Great Britain, their large standing armies, large navies, large even on their peace arrangement, their established church, afford to their population employments, which, in that respect, the happier constitution of our government does not tolerate but in a very limited degree. The peace establishments of our army and our navy are extremely small, and I hope ever will be. We have no established church, and I trust never shall have. In proportion as the enterprise of our citizens in public employments is circumscribed, should we excite and invigorate it in private pursuits.

The creation of a home market is not only necessary to procure for our agriculture a just reward of its labors, but it is indispensable to obtain a supply of our necessary wants. If we cannot sell, we cannot buy. That portion of our population (and we have seen that it is not less than four fifths) which makes comparatively

nothing that foreigners will buy, has nothing to make purchases with from foreigners. It is in vain that we are told of the amount of our exports supplied by the planting interest. They may enable the planting interest to supply all its wants; but they bring no ability to the interests not planting; unless, which cannot be pretended, the planting interest was an adequate vent for the surplus produce of the labor of all other interests. It is in vain to tantalize us with the greater cheapness of foreign fabrics. There must be an ability to purchase, if an article be obtained, whatever may be the price, high or low, at which it is sold. And a cheap article is as much beyond the grasp of him who has no means to buy, as a high one. Even if it were true that the American manufacturer would supply consumption at dearer rates, it is better to have his fabrics than the unattainable foreign fabrics; because it is better to be ill supplied than not supplied at all. A coarse coat, which will communicate warmth and cover nakedness, is better than no coat. The superiority of the home market results, first, from its steadiness and comparative certainty at all times; secondly, from the creation of reciprocal interest; thirdly, from its greater security; and, lastly, from an ultimate and not distant augmentation of consumption (and consequently of comfort) from increased quantity and reduced prices. But this home market, highly desirable as it is, can only be created and cherished by the protection of our own legislation against the inevitable prostration of our industry which must ensue from the action of foreign policy and legislation. The effect and the value of this domestic care of our own interests will be obvious from a few facts and considerations. Let us suppose that half a million of persons are now employed abroad in fabricating for our consumption those articles of which, by the operation of this bill, a supply is intended to be pro-

vided within ourselves. That half a million of persons are, in effect, subsisted by us; but their actual means of subsistence are drawn from foreign agriculture. If we could transport them to this country, and incorporate them in the mass of our own population, there would instantly arise a demand for an amount of provisions equal to that which would be requisite for their subsistence throughout the whole year. That demand, in the article of flour alone, would not be less than the quantity of about 900,000 barrels, besides a proportionate quantity of beef and pork and other articles of subsistence. But 900,000 barrels of flour exceeded the entire quantity exported last year by nearly 150,000 barrels. What activity would not this give, what cheerfulness would it not communicate to our now dispirited farming interest! But if, instead of these five hundred thousand artisans emigrating from abroad, we give by this bill employment to an equal number of our own citizens now engaged in unprofitable agriculture, or idle from the want of business, the beneficial effect upon the productions of our farming labor would be nearly doubled. The quantity would be diminished by a subtraction of the produce from the labor of all those who should be diverted from its pursuits to manufacturing industry, and the value of the residue would be enhanced, both by that diminution and the creation of the home market, to the extent supposed. And the honorable gentleman from Virginia may repress any apprehensions which he entertains that the plow will be abandoned and our fields remain unsown. For, under all the modifications of social industry, if you will secure to it a just reward, the greater attractions of agriculture will give to it that proud superiority which it has always maintained. If we suppose no actual abandonment of farming, but, what is most likely, a gradual and imperceptible employment of population in the business of manufactur-



ing, instead of being compelled to resort to agriculture, the salutary effect would be nearly the same. Is any part of our common country likely to be injured by a transfer of the theatre of fabrication for our own consumption from Europe to America? All that those parts, if any there be, which will not, nor cannot engage in manufactures, should require, is, that their consumption should be well supplied; and if the objects of that consumption are produced in other parts of the Union that can manufacture, far from having on that account any just cause of complaint, their patriotism will and ought to inculcate a cheerful acquiescence in what essentially contributes, and is indispensably necessary, to the prosperity of the common family.

The great desideratum in political economy is the same as in private pursuits; that is, what is the best application of the aggregate industry of a nation that can be made honestly to produce the largest sum of national wealth? Labor is the source of all wealth; but it is not natural labor only. And the fundamental error of the gentleman from Virginia, and of the school to which he belongs, in deducing from our sparse population, our unfitness for the introduction of the arts, consists in their not sufficiently weighing the importance of the power of machinery. In former times, when but little comparative use was made of machinery, manual labor and the price of wages were circumstances of the greatest consideration. But it is far otherwise in these latter times. Such are the improvements and the perfection of machinery, that, in analyzing the compound value of many fabrics, the element of natural labor is so inconsiderable as almost to escape detection. This truth is demonstrated by many facts. Formerly Asia, in consequence of the density of her population, and the consequent lowness of wages, laid Europe under tribute for many of her fabrics. Now Europe reacts upon Asia,

and Great Britain, in particular, throws back upon her countless millions of people the rich treasures produced by artificial labor, to a vast amount, infinitely cheaper than they can be manufactured by the natural exertions of that portion of the globe. But Britain is herself the most striking illustration of the immense power of machinery. Upon what other principle can you account for the enormous wealth which she has accumulated, and which she annually produces? A statistical writer of that country, several years ago, estimated the total amount of the artificial or machine labor of the nation to be equal to that of 100,000,000 of able-bodied laborers. Subsequent estimates of her artificial labor at the present day carry it to the enormous height of 200,000,000. But the population of the three kingdoms is 21,500,000. Supposing that to furnish able-bodied labor to the amount of 4,000,000, the natural labor will be but two per cent of the artificial labor. In the production of wealth she operates, therefore, by a power (including the whole population) of 221,500,000; or, in other words, by a power eleven times greater than the total of her natural power. If we suppose the machine labor of the United States to be equal to that of 10,000,000 able-bodied men, the United States will operate, in the creation of wealth, by a power (including all their population) of 20,000,000. In the creation of wealth, therefore, the power of Great Britain compared to that of the United States is as eleven to one. That these views are not imaginary, will be, I think, evinced by contrasting the wealth, the revenue, the power of the two countries. Upon what other hypothesis can we explain those almost incredible exertions which Britain made during the late wars of Europe? Look at her immense subsidies! Behold her standing unaided and alone, and breasting the storm of Napoleon's colossal power, when all continental Europe owned and yielded to its irresistible

ble sway ; and finally, contemplate her vigorous prosecution of the war, with and without allies, to its splendid termination on the ever-memorable field of Waterloo ! The British works which the gentleman from Virginia has quoted portray a state of the most wonderful prosperity in regard to wealth and resources that ever was before contemplated. Let us look a little into the semi-official pamphlet, written with great force, clearness, and ability, and the valuable work of Lowe, to both of which that gentleman has referred. The revenue of the United Kingdom amounted, during the latter years of the war, to £70,000,000 sterling ; and one year it rose to the astonishing height of £90,000,000 sterling, equal to \$400,000,000. This was actual revenue, made up of real contributions from the purses of the people. After the close of the war, ministers slowly and reluctantly reduced the military and naval establishments, and accommodated them to a state of peace. The pride of power, everywhere the same, always unwillingly surrenders any of those circumstances which display its pomp and exhibit its greatness. Contemporaneous with this reduction, Britain was enabled to lighten some of the heaviest burdens of taxation, and particularly that most onerous of all, the income tax. In this lowered state, the revenue of peace, gradually rising from the momentary depression incident to a transition from war, attained in 1822 the vast amount of £55,000,000 sterling, upwards of \$240,000,000, and more than eleven times that of the United States for the same year ; thus indicating the difference which I have suggested in the respective productive powers of the two countries. The excise alone (collected under twenty-five different heads) amounted to £28,000,000, more than one half of the total revenue of the kingdom. This great revenue allows Great Britain to constitute an efficient sinking fund of £5,000,000 sterling, being

an excess of actual income beyond expenditure, and amounting to more than the entire revenue of the United States.

If we look at the commerce of England, we shall perceive that its prosperous condition no less denotes the immensity of her riches. The average of three years' exports, ending in 1789, was between thirteen and fourteen millions. The average for the same term, ending in 1822, was £40,000,000. The average of the imports for three years, ending in 1789, was £17,000,000. The average for the same term, ending in 1822, was £36,000,000, showing a favorable balance of £4,000,000. Thus, in a period not longer than that which has elapsed since the establishment of our constitution, have the exports of that kingdom been tripled; and this has mainly been the effect of the power of machinery. The total amount of the commerce of Great Britain is greater since the peace, by one fourth, than it was during the war. The average of her tonnage, during the most flourishing period of the war, was 2,400,000 tons. Its average, during the three years, 1819, 1820, and 1821, was 2,600,000; exhibiting an increase of 200,000 tons. If we glance at some of the more prominent articles of her manufactures, we shall be assisted in comprehending the true nature of the sources of her riches. The amount of cotton fabrics exported, in the most prosperous year of the war, was £18,000,000. In the year 1820, it was £16,600,000; in 1821, £20,500,000; in 1822, £21,639,000; presenting the astonishing increase in two years of upwards of £5,000,000. The total amount of imports in Great Britain, from all foreign parts, of the article of cotton wool, is £5,000,000. After supplying most abundantly the consumption of cotton fabrics within the country (and a people better fed and clad and housed are not to be found under the sun than the British nation) by means

of her industry, she gives to this cotton wool a new value, which enables her to sell to foreign nations to the amount of £21,639,000, making a clear profit of upwards of £16,500,000! In 1821, the value of the export of woollen manufactures was £4,300,000. In 1822 it was £5,500,000. The success of her restrictive policy is strikingly illustrated in the article of silk. In the manufacture of that article she labors under great disadvantages, besides that of not producing the raw material. She has subdued them all, and the increase of the manufacture has been most rapid. Although she is still unable to maintain, in foreign countries, a successful competition with the silks of France, of India, and of Italy, and therefore exports but little, she gives to the £2,000,000 of the raw material which she imports, in various forms, a value of £10,000,000, which chiefly enter into British consumption. Let us suppose that she was dependent upon foreign nations for these £10,000,000, what an injurious effect would it not have upon her commercial relations with them? The average of the exports of British manufactures, during the peace, exceeds the average of the most productive years of the war. The amount of her wealth annually produced is £350,000,000, bearing a large proportion to all of her preëxisting wealth. The agricultural portion of it is said, by the gentleman from Virginia, to be greater than that created by any other branch of her industry. But that flows mainly from a policy similar to that proposed by this bill. One third only of her population is engaged in agriculture, the other two thirds furnishing a market for the produce of that third. Withdraw this market, and what becomes of her agriculture? The power and the wealth of Great Britain cannot be more strikingly illustrated than by a comparison of her population and revenue with those of other countries and with our own. [Here

Mr. Clay exhibited the following table, made out from authentic materials.]

	Population.	Taxes and public burdens.	Taxation per capita.
Russia in Europe . . . . .	37,000,000	£18,000,000	£0 9 9
France, including Corsica . .	30,700,000	37,000,000	1 4 0
Great Britain, exclusive of Ireland (the taxes com- puted according to the value of money on the European continent) . . }	14,500,000	40,000,000	2 15 0
Great Britain and Ireland col- lectively . . . . .	21,500,000	44,000,000	2 0 0
England alone . . . . .	11,600,000	36,000,000	3 2 0
Spain . . . . .	11,000,000	6,000,000	0 11 0
Ireland . . . . .	7,000,000	4,000,000	0 11 0
The United States of America	10,000,000	4,500,000	0 9 0

From this exhibit we must remark, that the wealth of Great Britain, and consequently her power, is greater than that of any of the other nations with which it is compared. The amount of the contributions which she draws from the pockets of her subjects is not referred to for imitation, but as indicative of their wealth. The burden of taxation is always relative to the ability of the subjects of it. A poor nation can pay but little. And the heavier taxes of British subjects, for example, in consequence of their greater wealth, may be more easily borne than the much lighter taxes of Spanish subjects, in consequence of their extreme poverty. The object of wise governments should be, by sound legislation, so to protect the industry of their own citizens against the policy of foreign powers, as to give to it the most expansive force in the production of wealth. Great Britain has ever acted, and still acts, on this policy. She has pushed her protection of British interest further than any other nation has fostered its industry. The result is, greater wealth among her subjects, and consequently greater ability to pay their public burdens. If their taxation is estimated by their

natural labor alone, nominally it is greater than the taxation of the subjects of any other power; but if on a scale of their national and artificial labor compounded, it is less than the taxation of any other people. Estimating it on that scale, and assuming the aggregate of the natural and artificial labor of the United Kingdom to be what I have already stated, 221,500,000, the actual taxes paid by a British subject are only about three and seven-pence sterling. Estimating our own taxes on a similar scale, — that is, supposing both descriptions of labor to be equal to that of twenty millions of able-bodied persons, — the amount of tax paid by each soul in the United States is four shillings and six-pence sterling.

The committee will observe, from that table, that the measure of the wealth of a nation is indicated by the measure of its protection of its industry; and that the measure of the poverty of a nation is marked by that of the degree in which it neglects and abandons the care of its own industry, leaving it exposed to the action of foreign powers. Great Britain protects most her industry, and the wealth of Great Britain is consequently the greatest. France is next in the degree of protection, and France is next in the order of wealth. Spain most neglects the duty of protecting the industry of her subjects, and Spain is one of the poorest of European nations. Unfortunate Ireland, disinherited or rendered in her industry subservient to England, is exactly in the same state of poverty with Spain, measured by the rule of taxation. And the United States are still poorer than either.

The views of British prosperity, which I have endeavored to present, show that her protecting policy is adapted alike to a state of war and of peace. Self-poised, resting upon her own internal resources, possessing a home market carefully cherished and guarded,

she is ever prepared for any emergency. We have seen her coming out of a war of incalculable exertion, and of great duration, with her power unbroken, her means undiminished. We have seen that almost every revolving year of peace has brought along with it an increase of her manufactures, of her commerce, and, consequently, of her navigation. We have seen that, constructing her prosperity upon the solid foundation of her own protecting policy, it is unaffected by the vicissitudes of other states. What is our own condition? Depending upon the state of foreign powers, confiding exclusively in a foreign, to the culpable neglect of a domestic policy, our interests are affected by all their movements. Their wars, their misfortunes, are the only source of our prosperity. In their peace, and our peace, we behold our condition the reverse of that of Great Britain, and all our interests stationary or declining. Peace brings to us none of the blessings of peace. Our system is anomalous; alike unfitted to general tranquillity, and to a state of war or peace on the part of our own country. It can succeed only in the rare occurrence of a general state of war throughout Europe. I am no eulogist of England. I am far from recommending her systems of taxation. I have adverted to them only as manifesting her extraordinary ability. The political and foreign interests of that nation may have been, as I believe them to have been, often badly managed. Had she abstained from the wars into which she has been plunged by her ambition, or the mistaken policy of her ministers, the prosperity of England would, unquestionably, have been much greater. But it may happen that the public liberty, and the foreign relations of a nation, have been badly provided for, and yet that its political economy has been wisely managed. The alacrity or sullenness with which a people pay taxes depends upon their wealth or poverty. If the system



of their rulers leads to their impoverishment, they can contribute but little to the necessities of the state; if to their wealth, they cheerfully and promptly pay the burdens imposed on them. Enormous as British taxation appears to be in comparison with that of other nations, but really lighter as it in fact is when we consider its great wealth and its powers of production, that vast amount is collected with the most astonishing regularity. [Here Mr. Clay read certain passages from Holt, showing that, in 1822, there was not a solitary prosecution arising out of the collection of the assessed taxes, which are there considered among the most burdensome, and that the prosecution for violations of the excise laws, in all its numerous branches, were sensibly and progressively decreasing.]

Having called the attention of the committee to the present adverse state of our country, and endeavored to point out the causes which have led to it; having shown that similar causes, wherever they exist in other countries, lead to the same adversity in their condition; and having shown that, wherever we find opposite causes prevailing, a high and animating state of national prosperity exists, the committee will agree with me in thinking that it is the solemn duty of government to apply a remedy to the evils which afflict our country, if it can apply one. Is there no remedy within the reach of the government? Are we doomed to behold our industry languish and decay, yet more and more? But there is a remedy, and that remedy consists in modifying our foreign policy, and in adopting a genuine American system. We must naturalize the arts in our country; and we must naturalize them by the only means which the wisdom of nations has yet discovered to be effectual,—by adequate protection against the otherwise overwhelming influence of foreigners. This is only to be accomplished by the establishment of a tariff, to the consideration of which I am now brought.

And what is this tariff? It seems to have been regarded as a sort of monster, huge and deformed, — a wild beast, endowed with tremendous powers of destruction, about to be let loose among our people, if not to devour them, at least to consume their substance. But let us calm our passions, and deliberately survey this alarming, this terrific being. The sole object of the tariff is to tax the produce of foreign industry, with the view of promoting American industry. The tax is exclusively leveled at foreign industry. That is the avowed and the direct purpose of the tariff. If it subjects any part of American industry to burdens, that is an effect not intended, but is altogether incidental, and perfectly voluntary.

It has been treated as an imposition of burdens upon one part of the community by design, for the benefit of another; as if, in fact, money were taken from the pockets of one portion of the people and put into the pockets of another. But is that a fair representation of it? No man pays the duty assessed on the foreign article by compulsion, but voluntarily; and this voluntary duty, if paid, goes into the common exchequer, for the common benefit of all. Consumption has four objects of choice. First, it may abstain from the use of the foreign article, and thus avoid the payment of the tax. Second, it may employ the rival American fabric. Third, it may engage in the business of manufacturing, which this bill is designed to foster. Fourth, or it may supply itself from the household manufactures. But it is said, by the honorable gentleman from Virginia, that the South, owing to the character of a certain portion of its population, cannot engage in the business of manufacturing. Now, I do not agree in that opinion, to the extent in which it is asserted. The circumstance alluded to may disqualify the South from engaging in every branch of manufacture, as largely as other quar-

ters of the Union, but to some branches of it that part of our population is well adapted. It indisputably affords great facility in the household or domestic line. But, if the gentleman's premises were true, could his conclusion be admitted? According to him, a certain part of our population, happily much the smallest, is peculiarly situated. The circumstance of its degradation unfits it for the manufacturing arts. The well-being of the other, and the larger part of our population, requires the introduction of those arts. What is to be done in this conflict? The gentleman would have us abstain from adopting a policy called for by the interest of the greater and freer part of our population. But is that reasonable? Can it be expected that the interests of the greater part should be made to bend to the condition of the servile part of our population? That, in effect, would be to make us the slaves of slaves. I went with great pleasure along with my Southern friends, and I am ready again to unite with them in protesting against the exercise of any legislative power, on the part of Congress, over that delicate subject, because it was my solemn conviction that Congress was interdicted, or at least not authorized, by the Constitution, to exercise any such legislative power. And I am sure that the patriotism of the South may be exclusively relied upon to reject a policy which should be dictated by considerations altogether connected with that degraded class, to the prejudice of the residue of our population. But does not a perseverance in the foreign policy, as it now exists in fact, make all parts of the Union, not planting, tributary to the planting parts? What is the argument? It is, that we must continue freely to receive the produce of foreign industry, without regard to the protection of American industry, that a market may be retained for the sale abroad of the produce of the planting portion of the

country ; and that, if we lessen in all parts of America — those which are not planting as well as the planting sections — the consumption of foreign manufactures, we diminish to that extent the foreign market for the planting produce. The existing state of things, indeed, presents a sort of tacit compact between the cotton-grower and the British manufacturer, the stipulations of which are, on the part of the cotton-grower, that the whole of the United States, the other portions as well as the cotton-growing, shall remain open and unrestricted in the consumption of British manufactures ; and, on the part of the British manufacturer, that, in consideration thereof, he will continue to purchase the cotton of the South. Thus, then, we perceive that the proposed measure, instead of sacrificing the South to the other parts of the Union, seeks only to preserve them from being absolutely sacrificed under the operation of the tacit compact which I have described. Supposing the South to be actually incompetent, or disinclined, to embark at all in the business of manufacturing, is not its interest, nevertheless, likely to be promoted by creating a new and an American source of supply for its consumption ? Now foreign powers, and Great Britain principally, have the monopoly of the supply of Southern consumption. If this bill should pass, an American competitor, in the supply of the South, would be raised up, and ultimately I cannot doubt that it will be supplied more cheaply and better. I have before had occasion to state, and will now again mention, the beneficial effects of American competition with Europe, in furnishing a supply of the article of cotton bagging. After the late war, the influx of the Scottish manufacture prostrated the American establishments. The consequence was, that the Scotch possessed the monopoly of the supply ; and the price of it rose, and attained, the year before the last, a height

which amounted to more than an equivalent for ten years' protection to the American manufacture. This circumstance tempted American industry again to engage in the business, and several valuable manufactories have been established in Kentucky. They have reduced the price of the fabric very considerably ; but, without the protection of government, they may again be prostrated, and then, the Scottish manufacturer engrossing the supply of our consumption, the price will probably again rise. It has been tauntingly asked if Kentucky cannot maintain herself in a competition with the two Scottish towns of Inverness and Dundee ? But is that a fair statement of the case ? Those two towns are cherished and sustained by the whole protecting policy of the British empire, whilst Kentucky cannot, and the general government will not, extend a like protection to the few Kentucky villages in which the article is made.

If the cotton-growing consumption could be constitutionally exempted from the operation of this bill, it might be fair to exempt it, upon the condition that foreign manufactures, the proceeds of the sale of cotton abroad, should not enter at all into the consumption of the other parts of the United States. But such an arrangement as that, if it could be made, would probably be objected to by the cotton-growing country itself.

Second. The second objection to the proposed bill is that it will diminish the amount of our exports. It can have no effect upon our exports, except those which are sent to Europe. Except tobacco and rice, we send there nothing but the raw materials. The argument is, that Europe will not buy of us if we do not buy of her. The first objection to it is that it calls upon us to look to the question, and to take care of European ability in legislating for American interests. Now if, in legislating for their interests, they would consider and provide

for our ability, the principle of reciprocity would enjoin us so to regulate our intercourse with them as to leave their ability unimpaired. But I have shown that, in the adoption of their own policy, their inquiry is strictly limited to a consideration of their peculiar interests, without any regard to that of ours. The next remark I would make is that the bill only operates upon certain articles of European industry, which it is supposed our interest requires us to manufacture within ourselves; and although its effect will be to diminish the amount of our imports of those articles, it leaves them free to supply us with any other produce of their industry. And since the circle of human comforts, refinements, and luxuries is of great extent, Europe will still find herself able to purchase from us what she has hitherto done, and to discharge the debt in some of those objects. If there be any diminution in our exports to Europe, it will probably be in the article of cotton to Great Britain. I have stated that Britain buys cotton wool to the amount of about £5,000,000, and sells to foreign states to the amount of upwards of £21,500,000. Of this sum we take a little upwards of £1,500,000. The residue, of about £20,000,000, she must sell to other foreign powers than to the United States. Now their market will continue open to her as much after the passage of this bill as before. She will therefore require from us the raw material to supply their consumption. But, it is said, she may refuse to purchase it of us, and seek a supply elsewhere. There can be but little doubt that she now resorts to us, because we can supply her more cheaply and better than any other country. And it would be unreasonable to suppose that she would cease, from any pique towards us, to pursue her own interest. Suppose she was to decline purchasing from us. The consequence would be, that she would lose the market for the £20,000,000,

which she now sells other foreign powers, or enter it under a disadvantageous competition with us, or with other nations, who should obtain their supplies of the raw material from us. If there should be any diminution, therefore, in the exportation of cotton, it would only be in the proportion of about one and a half to twenty; that is, a little upwards of 5%; the loss of a market for which, abroad, would be fully compensated by the market for the article created at home. Lastly, I would observe that, the new application of our industry producing new objects of exportation, and they possessing much greater value than in the raw state, we should be in the end amply indemnified by their exportation. Already the item in our foreign exports of manufactures is considerable; and we know that our cotton fabrics have been recently exported in a large amount to South America, where they maintain a successful competition with those of any other country.

Third. The third objection to the tariff is that it will diminish our navigation. This great interest deserves every encouragement, consistent with the paramount interest of agriculture. In the order of nature it is secondary to both agriculture and manufactures. Its business is the transportation of the productions of those two superior branches of industry. It cannot therefore be expected that they shall be moulded or sacrificed to suit its purposes; but, on the contrary, navigation must accommodate itself to the actual state of agriculture and manufactures. If, as I believe, we have nearly reached the maximum in value of our exports of raw produce to Europe, the effect hereafter will be, as it respects that branch of our trade, if we persevere in the foreign system, to retain our navigation at the point which it has now reached. By reducing, indeed, as will probably take place, the price of our raw materials, a further quantity of them could be exported,

and, of course, additional employment might, in that way, be given to our tonnage ; but that would be at the expense of the agricultural interest. If I am right in supposing that no effect will be produced by this measure upon any other branch of our export trade but that to Europe, that with regard to that there will be no sensible diminution of our exports, and that the new direction given to a portion of our industry will produce other objects of exportation, the probability is that our foreign tonnage will be even increased under the operation of this bill. But, if I am mistaken in these views, and it should experience any reduction, the increase in our coasting tonnage, resulting from the greater activity of domestic exchanges, will more than compensate the injury. Although our navigation partakes of the general distress of the country, it is less depressed than any other of our great interests. The foreign tonnage has been gradually, though slowly, increasing since 1818. And our coasting tonnage since 1816 has increased upwards of 100,000 tons.

Fourth. It is next contended that the effect of the measure will be to diminish our foreign commerce. The objection assumes, what I have endeavored to controvert, that there will be a reduction in the value of our exports. Commerce is an exchange of commodities. Whatever will tend to augment the wealth of a nation must increase its capacity to make these exchanges. By new productions, or creating new values in the fabricated forms which shall be given to old objects of our industry, we shall give to commerce a fresh spring, a new aliment. The foreign commerce of the country, from causes some of which I have endeavored to point out, has been extended as far as it can be. And I think there can be but little doubt that the balance of trade is, and for some time past has been, against us. I was surprised to hear the learned gentleman from Massa-



chusetts [Mr. Webster] rejecting, as a detected and exploded fallacy, the idea of a balance of trade. I have not time nor inclination now to discuss that topic. But I will observe that all nations act upon the supposition of the reality of its existence, and seek to avoid a trade the balance of which is unfavorable, and to foster that which presents a favorable balance. However the account be made up, whatever may be the items of a trade, commodities, fishing industry, marine labor, the carrying trade, all of which I admit should be comprehended, there can be no doubt, I think, that the totality of the exchanges of all descriptions made by one nation with another, or against the totality of the exchanges of all other nations together, may be such as to present the state of an unfavorable balance with the one or with all. It is true that, in the long run, the measures of these exchanges, that is, the totality in value of what is given and of what is received, must be equal to each other. But great distress may be felt long before the counterpoise can be effected. In the mean time there will be an export of the precious metals, to the deep injury of internal trade, an unfavorable state of exchange, an export of public securities, a resort to credit, debt, mortgages. Most of if not all these circumstances are believed now to be indicated by our country in its foreign commercial relations. What have we received, for example, for the public stocks sent to England? Goods. But those stocks are our bond, which must be paid. Although the solidity of the credit of the English public securities is not surpassed by that of our own, strong as it justly is, when have we seen English stocks sold in our market, and regularly quoted in the prices current, as American stocks are in England? An unfavorable balance with one nation may be made up by a favorable balance with other nations; but the fact of the existence of that unfavorable balance is strong presumptive evi-

dence against the trade. Commerce will regulate itself! Yes, and the extravagance of a spendthrift heir who squanders the rich patrimony which has descended to him will regulate itself ultimately. But it will be a regulation which will exhibit him in the end safely confined within the walls of a jail. Commerce will regulate itself! But is it not the duty of wise governments to watch its course, and beforehand to provide against even distant evils, by prudent legislation stimulating the industry of their own people, and checking the policy of foreign powers as it operates on them? The supply, then, of the subjects of foreign commerce, no less than the supply of consumption at home, requires of us to give a portion of our labor such a direction as will enable us to produce them. That is the object of the measure under consideration, and I cannot doubt that, if adopted, it will accomplish its object.

Fifth. The fifth objection to the tariff is that it will diminish the public revenue, disable us from paying the public debt, and finally compel a resort to a system of excise and internal taxation. This objection is founded upon the supposition that the reduction in the importation of the subjects on which the increased duties are to operate will be such as to produce the alleged effect. All this is matter of mere conjecture, and can only be determined by experiment. I have very little doubt, with my colleague [Mr. Trimble], that the revenue will be increased considerably, for some years at least, under the operation of this bill. The diminution in the quantity imported will be compensated by the augmentation of the duty. In reference to the article of molasses, for example, if the import of it should be reduced 50%, the amount of duty collected would be the same as it now is. But it will not, in all probability, be reduced by anything like that proportion. And then there are some other articles which will continue to be introduced in as

large quantities as ever, notwithstanding the increase of duty, the object in reference to them being revenue, and not the encouragement of domestic manufactures. Another cause will render the revenue of this year, in particular, much more productive than it otherwise would have been; and that is that large quantities of goods have been introduced into the country in anticipation of the adoption of this measure. The eagle does not dart a keener gaze upon his intended prey than that with which the British manufacturer and merchant watches the foreign market, and the course even of our elections as well as our legislation. The passage of this bill has been expected; and all our information is that the importations, during this spring, have been immense. But, further, the measure of our importations is that of our exportations. If I am right in supposing that in future the amount of these, in the old or new forms of the produce of our labor, will not be diminished, but probably increased, then the amount of our importations, and consequently of our revenue, will not be reduced, but may be extended. If these ideas be correct, there will be no inability on the part of government to extinguish the public debt. The payment of that debt, and the consequent liberation of the public resources from the charge of it, is extremely desirable. No one is more anxious than I am to see that important object accomplished. But I entirely concur with the gentleman from Virginia [Mr. Barbour] in thinking that no material sacrifice of any of the great interests of the nation ought to be made to effectuate it. Such is the elastic and accumulating nature of our public resources, from the silent augmentation of our population, that if, in any given state of the public revenue, we throw ourselves upon a couch and go to sleep, we may, after a short time, awake with an ability abundantly increased to redeem any reasonable amount of public

debt with which we may happen to be burdened. The public debt of the United States, though nominally larger now than it was in the year 1791, bears really no sort of discouraging comparison to its amount at that time, whatever standard we may choose to adopt to institute the comparison. It was in 1791 about \$75,000,000. It is now about \$90,000,000. Then we had a population of about 4,000,000. Now we have upwards of 10,000,000. Then we had a revenue short of \$5,000,000. Now our revenue exceeds \$20,000,000. If we select population as the standard, our present population is 150% greater than it was in 1791; if revenue, that is four times more now than at the former period; whilst the public debt has increased only in a ratio of 20%. A public debt of \$300,000,000, at the present day, considering our actual ability, compounded both of the increase of population and of revenue, would not be more onerous now than the debt of \$75,000,000 was at the epoch of 1791, in reference to the same circumstances. If I am right in supposing that, under the operation of the proposed measure, there will not be any diminution, but a probable increase of the public revenue, there will be no difficulty in defraying the current expenses of government, and paying the principal as well as the interest of the public debt as it becomes due. Let us, for a moment, however, indulge the improbable supposition of the opponents of the tariff, that there will be a reduction of the revenue to the extent of the most extravagant calculation which has been made, that is to say, to the extent of \$5,000,000. That sum deducted, we shall still have remaining a revenue of about \$15,000,000. The treasury estimates of the current service of the years 1822, 1823, and 1824 exceeds, each year, \$9,000,000. The lapse of revolutionary pensions, and judicious retrenchments which might be made without detriment to any of the essential establishments of the country, would

probably reduce them below \$9,000,000. Let us assume that sum, to which add about \$5,500,000 for the interest of the public debt, and the wants of government would require a revenue of \$14,500,000, leaving a surplus of revenue of \$500,000 beyond the public expenditure. Thus, by a postponement of the payment of the principal of the public debt, in which the public creditors would gladly acquiesce, and confiding, for the means of redeeming it, in the necessary increase of our revenue from the natural augmentation of our population and consumption, we may safely adopt the proposed measure, even if it should be attended (which is confidently denied) with the supposed diminution of revenue. We shall not, then, have occasion to vary the existing system of taxation; we shall be under no necessity to resort either to direct taxes or to an excise. But, suppose the alternative were really forced upon us of continuing the foreign system, with its inevitable impoverishment of the country, but with the advantage of the present mode of collecting the taxes, — or of adopting the American system, with its increase of the national wealth, but with the disadvantage of an excise: could any one hesitate between them? Customs and an excise agree in the essential particulars, that they are both taxes upon consumption, and both are voluntary. They differ only in the mode of collection. The office for the collection of one is located on the frontier, and that for the other within the interior. I believe it was Mr. Jefferson, who, in reply to the boast of a citizen of New York of the amount of the public revenue paid by that city, asked who would pay it, if the collector's office were removed to Paulus Hook, on the New Jersey shore? National wealth is the source of all taxation. And, my word for it, the people are too intelligent to be deceived by mere names, and not to give a decided preference to that system which is based upon their

wealth and prosperity, rather than to that which is founded upon their impoverishment and ruin.

Sixth. But, according to the opponents of the domestic policy, the proposed system will force capital and labor into new and reluctant employments ; we are not prepared, in consequence of the high price of wages, for the successful establishment of manufactures, and we must fail in the experiment. We have seen that the existing occupations of our society, those of agriculture, commerce, navigation, and the learned professions, are overflowing with competitors, and that the want of employment is severely felt. Now what does this bill propose ? To open a new and extensive field of business, in which all that choose may enter. There is no compulsion upon any one to engage in it. An option only is given to industry, to continue in the present unprofitable pursuits, or to embark in a new and promising one. The effect will be to lessen the competition in the old branches of business, and to multiply our resources for increasing our comforts and augmenting the national wealth. The alleged fact of the high price of wages is not admitted. The truth is that no class of society suffers more, in the present stagnation of business, than the laboring class. That is a necessary effect of the depression of agriculture, the principal business of the community. The wages of able-bodied men vary from \$5 to \$8 per month, and such has been the want of employment, in some parts of the Union, that instances have not been unfrequent of men working merely for the means of present subsistence. If the wages for labor here and in England are compared, they will be found not to be essentially different. I agree with the honorable gentleman from Virginia, that high wages are a proof of national prosperity ; we differ only in the means by which that desirable end shall be attained. But, if the fact were true,

that the wages of labor are high, I deny the correctness of the argument founded upon it. The argument assumes that natural labor is the principal element in the business of manufacture. That was the ancient theory. But the valuable inventions and vast improvements in machinery, which have been made within a few past years, have produced a new era in the arts. The effect of this change, in the powers of production, may be estimated, from what I have already stated in relation to England and to the triumphs of European artificial labor over the natural labor of Asia. In considering the fitness of a nation for the establishment of manufactures, we must no longer limit our views to the state of its population and the price of wages. All circumstances must be regarded, of which that is, perhaps, the least important. Capital, ingenuity in the construction and adroitness in the use of machinery, and the possession of the raw materials, are those which deserve the greatest consideration. All these circumstances (except that of capital, of which there is no deficiency) exist in our country in an eminent degree, and more than counterbalance the disadvantage, if it really existed, of the lower wages of labor in Great Britain. The dependence upon foreign nations for the raw material of any great manufacture has been ever considered as a discouraging fact. The state of our population is peculiarly favorable to the most extensive introduction of machinery. We have no prejudices to combat, no persons to drive out of employment. The pamphlet to which we have had occasion so often to refer, in enumerating the causes which have brought in England their manufactures to such a state of perfection, and which now enable them, in the opinion of the writer, to defy all competition, does not specify, as one of them, low wages. It assigns three: first, capital; secondly, extent and costliness of machinery;

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and, thirdly, steady and persevering industry. Notwithstanding the concurrence of so many favorable causes in our country for the introduction of the arts, we are earnestly dissuaded from making the experiment, and our ultimate failure is confidently predicted. Why should we fail? Nations, like men, fail in nothing which they boldly attempt, when sustained by virtuous purpose and firm resolution. I am not willing to admit this depreciation of American skill and enterprise. I am not willing to strike before an effort is made. All our past history exhorts us to proceed, and inspires us with animating hopes of success. Past predictions of our incapacity have failed, and present predictions will not be realized. At the commencement of this government, we were told that the attempt would be idle to construct a marine adequate to the commerce of the country, or even to the business of its coasting trade. The founders of our government did not listen to these discouraging counsels; and — behold the fruits of their just comprehension of our resources! Our restrictive policy was denounced, and it was foretold that it would utterly disappoint all our expectations. But our restrictive policy has been eminently successful; and the share which our navigation now enjoys in the trade with France, and with the British West India islands, attests its victory. What were not the disheartening predictions of the opponents of the late war? Defeat, discomfiture, and disgrace, were to be the certain, but not the worst effect of it. Here, again, did prophecy prove false; and the energies of our country, and the valor and the patriotism of our people, carried us gloriously through the war. We are now, and ever will be, essentially an agricultural people. Without a material change in the fixed habits of the country, the friends of this measure desire to draw to it, as a powerful auxiliary to its industry, the manu-



facturing arts. The difference between a nation with and without the arts may be conceived by the difference between a keel-boat and a steamboat, combating the rapid torrent of the Mississippi. How slow does the former ascend, hugging the sinuosities of the shore, pushed on by her hardy and exposed crew, now throwing themselves in vigorous concert on their oars, and then seizing the pendant boughs of overhanging trees : she seems hardly to move ; and her scanty cargo is scarcely worth the transportation ! With what ease is she not passed by the steamboat, laden with the riches of all quarters of the world, with a crew of gay, cheerful, and protected passengers, now dashing into the midst of the current, or gliding through the eddies near the shore ! Nature herself seems to survey with astonishment the passing wonder, and, in silent submission, reluctantly to own the magnificent triumphs, in her own vast dominion, of Fulton's immortal genius.

Seventh. But it is said that, wherever there is a concurrence of favorable circumstances, manufactures will arise of themselves, without protection ; and that we should not disturb the natural progress of industry, but leave things to themselves. If all nations would modify their policy on this axiom, perhaps it would be better for the common good of the whole. Even then, in consequence of natural advantages and a greater advance in civilization and in the arts, some nations would enjoy a state of much higher prosperity than others. But there is no universal legislation. The globe is divided into different communities, each seeking to appropriate to itself all the advantages it can, without reference to the prosperity of others. Whether this is right or not, it always has been, and ever will be the case. Perhaps the care of the interests of one people is sufficient for all the wisdom of one legislature ; and that it is among nations as among individuals, that

the happiness of the whole is best secured by each attending to its own peculiar interests. The proposition to be maintained by our adversaries is that manufactures, without protection, will in due time spring up in our country, and sustain themselves in a competition with foreign fabrics, however advanced the arts and whatever the degree of protection may be in foreign countries. Now I contend, that this proposition is refuted by all experience, ancient and modern, and in every country. If I am asked why unprotected industry should not succeed in a struggle with protected industry, I answer, the fact has ever been so, and that is sufficient; I reply that uniform experience evinces that it cannot succeed in such an unequal contest, and that is sufficient. If we speculate on the causes of this universal truth, we may differ about them. Still the indisputable fact remains. And we should be as unwise in not availing ourselves of the guide which it furnishes as a man would be who should refuse to bask in the rays of the sun, because he could not agree with Judge Woodward as to the nature of the substance of that planet to which we are indebted for heat and light. If I were to attempt to particularize the causes which prevent the success of the manufacturing arts without protection, I should say that they are, first, the obduracy of fixed habits. No nation, no individual, will easily change an established course of business, even if it be unprofitable; and least of all is an agricultural people prone to innovation. With what reluctance do they not adopt improvements in the instruments of husbandry, or in modes of cultivation! If the farmer makes a good crop and sells it badly, or makes a short crop, buoyed up by hope he perseveres, and trusts that a favorable change of the market, or of the seasons, will enable him, in the succeeding year, to repair the misfortunes of the past. Secondly, the uncertainty, fluc-

tuation, and unsteadiness of the home market, when liable to an unrestricted influx of fabrics from all foreign nations; and, thirdly, the superior advance of skill, and amount of capital, which foreign nations have obtained by the protection of their own industry. From the latter, or from other causes, the unprotected manufactures of a country are exposed to the danger of being crushed in their infancy, either by the design or from the necessities of foreign manufacturers. Gentlemen are incredulous as to the attempts of foreign merchants and manufacturers to accomplish the destruction of ours. Why should they not make such attempts? If the Scottish manufacturer, by surcharging our market in one year with the article of cotton bagging, for example, should so reduce the price as to discourage and put down the home manufacture, he would secure to himself the monopoly of the supply. And now, having the exclusive possession of the market, perhaps for a long term of years, he might be more than indemnified for his first loss, in the subsequent rise in the price of the article. What have we not seen under our own eyes! The competition for the transportation of the mail, between this place and Baltimore, so excited, that to obtain it an individual offered, at great loss, to carry it a whole year for one dollar! His calculation no doubt was, that, by driving his competitor off the road, and securing to himself the carriage of the mail, he would be afterwards able to repair his original loss by new contracts with the department. But the necessities of foreign manufacturers, without imputing to them any sinister design, may oblige them to throw into our markets the fabrics which have accumulated on their hands, in consequence of obstruction in the ordinary vents, or from over-calculation; and the forced sales, at losing prices, may prostrate our establishments. From this view of the subject, it follows that, if we would

place the industry of our country upon a solid and unshakable foundation, we must adopt the protecting policy, which has everywhere succeeded, and reject that which would abandon it, which has everywhere failed.

Eighth. But if the policy of protection be wise, the gentleman from Virginia (Mr. Barbour) has made some ingenious calculations, to prove that the measure of protection already extended has been sufficiently great. With some few exceptions, the existing duties, of which he has made an estimate, were laid with the object of revenue, and without reference to that of encouragement to our domestic industry; and although it is admitted that the incidental effect of duties, so laid, is to promote our manufactures, yet, if it falls short of competent protection, the duties might as well not have been imposed with reference to that purpose. A moderate addition may accomplish this desirable end; and the proposed tariff is believed to have this character.

Ninth. The prohibitory policy, it is confidently asserted, is condemned by the wisdom of Europe, and by her most enlightened statesmen. Is this the fact? We call upon gentlemen to show in what instance a nation that has enjoyed its benefits has surrendered it. [Here Mr. Barbour rose (Mr. Clay giving way) and said that England had departed from it in the China trade, in allowing us to trade with her East India possessions, and in tolerating our navigation to her West India colonies.] With respect to the trade to China, the whole amount of what England has done is, to modify the monopoly of the East India company in behalf of one and a small part of her subjects to increase the commerce of another and the greater portion of them. The abolition of the restriction, therefore, operates altogether among the subjects of England, and does not touch at all the interests of foreign powers. The toleration of our commerce to British India is for the

sake of the specie with which we mainly carry on that commerce, and which, having performed its circuit, returns to Great Britain in exchange for British manufactures. The relaxation from the colonial policy, in the instance of our trade and navigation with the West Indies, is a most unfortunate example for the honorable gentleman; for in it is an illustrious proof of the success of our restrictive policy when resolutely adhered to. Great Britain had prescribed the terms on which we were to be graciously allowed to carry on that trade. The effect of her regulations was to exclude our navigation altogether, and a complete monopoly on the part of the British navigation was secured. We forbade it, unless our vessels should be allowed a perfect reciprocity. Great Britain stood out a long time, but finally yielded, and our navigation now fairly shares with hers in the trade. Have gentlemen no other to exhibit than these trivial relaxations from the prohibitory policy, which do not amount to a drop in the bucket, to prove its abandonment by Great Britain? Let them show us that her laws are repealed which prohibit the introduction of our flour and provisions; of French silks, laces, porcelain, manufactures of bronze, mirrors, woollens; and of the manufactures of all other nations; and then we may be ready to allow that Great Britain has really abolished her prohibitory policy. We find there, on the contrary, that system of policy in full and rigorous operation, and a most curiously interwoven system it is, as she enforces it. She begins by protecting all parts of her immense dominions against foreign nations. She then protects the parent country against the colonies; and, finally, one part of the parent country against another. The sagacity of Scotch industry has carried the process of distillation to a perfection which would place the art in England on a footing of disadvantageous competition, and English distillation has been protected

accordingly. But suppose it were even true that Great Britain had abolished all restrictions upon trade, and allowed the freest introduction of the produce of foreign labor, would that prove it unwise for us to adopt the protecting system? The object of protection is the establishment and perfection of the arts. In England it has accomplished its purpose, fulfilled its end. If she has not carried every branch of manufacture to the same high state of perfection that any other nation has, she has succeeded in so many that she may safely challenge the most unshackled competition in exchanges. It is upon this very ground that many of her writers recommend an abandonment of the prohibitory system. It is to give greater scope to British industry and enterprise. It is upon the same selfish principle. The object of the most perfect freedom of trade with such a nation as Britain, and of the most rigorous system of prohibition with a nation whose arts are in their infancy, may both be precisely the same. In both cases it is to give greater expansion to native industry. They only differ in the theatres of their operation. The abolition of the restrictive system by Britain, if by it she could prevail upon other nations to imitate her example, would have the effect of extending the consumption of British produce in other countries where her writers boldly affirm it could maintain a fearless competition with the produce of native labor. The adoption of the restrictive system, on the part of the United States, by excluding the produce of foreign labor, would extend the consumption of American produce, unable in the infancy and unprotected state of the arts to sustain a competition with foreign fabrics. Let our arts breathe under the shade of protection; let them be perfected, as they are in England, and we shall then be ready, as England now is said to be, to put aside protection and to enter upon the freest exchanges. To what other cause than to

their whole prohibitory policy can you ascribe British prosperity? It will not do to assign it to that of her antiquity, for France is no less ancient, though much less rich and powerful in proportion to the population and natural advantages of France. Hallam, a sensible and highly approved writer on the Middle Ages, assigns the revival of the prosperity of the north of Europe to the success of the woollen manufactories of Flanders, and the commerce of which their fabrics became the subject; and the commencement of that of England to the establishment of similar manufactures there under the Edwards, and to the prohibitions which began about the same time. As to the poor-rates, the theme of so much reproach without England, and of so much regret within it, among her speculative writers, the system was a strong proof, no less of her unbounded wealth than of her pauperism. What other nation can dispense, in the form of regulated charity, the enormous sum, I believe, of ten or twelve millions sterling? [Mr. Barbour stated it was reduced to six; to which Mr. Clay replied, that he entertained no doubt but that the benign operation of British protection of home industry had greatly reduced it within the last few years by the full employment of her subjects, of which her flourishing trade bore evidence.] The number of British paupers was the result of pressing the principle of population to its utmost limits by her protecting policy, in the creation of wealth, and in placing the rest of the world under tribute to her industry. Doubtless the condition of England would be better without paupers, if in other respects it remained the same. But in her actual circumstances the poor system has the salutary effect of an equalizing corrective of the tendency to the concentration of riches, produced by the genius of her political institutions and by her prohibitory system.

But is it true, that England is convinced of the im-

policy of the prohibitory system, and desirous to abandon it? What proof have we to that effect? We are asked to reject the evidence deducible from the settled and steady practice of England, and to take lessons in a school of philosophical writers whose visionary theories are nowhere adopted; or if adopted, bring with them inevitable distress, impoverishment, and ruin. Let us hear the testimony of an illustrious personage, entitled to the greatest attention, because he speaks after the full experiment of the unrestrictive system made in his own empire. I hope I shall give no offense in quoting from a publication issued from "the mint of Philadelphia;" from a work of Mr. Carey, of whom I seize, with great pleasure, the occasion to say, that he merits the public gratitude for the disinterested diligence with which he has collected a large mass of highly useful facts, and for the clear and convincing reasoning with which he generally illustrates them. The Emperor of Russia, in March, 1822, after about two years' trial of the free system, says, through Count Nesselrode:—

"To produce happy effects, the principles of commercial freedom must be generally adopted. The State which adopts, whilst others reject them, must condemn its own industry and commerce to pay a ruinous tribute to those of other nations.

"From a circulation exempt from restraint, and the facility afforded by reciprocal exchanges, almost all the governments at first resolved to seek the means of repairing the evil which Europe had been doomed to suffer; but experience and more correct calculations, because they were made from certain data, and upon the results already known of the peace that had just taken place, forced them soon to adhere to the prohibitory system.

"England preserved hers. Austria remained faithful to the rule she had laid down, to guard herself against



the rivalry of foreign industry. France, with the same views, adopted the most rigorous measures of precaution. And Prussia published a new tariff in October last, which proves that she found it impossible not to follow the example of the rest of Europe."

"In proportion as the prohibitory system is extended and rendered perfect in other countries, that State which pursues the contrary system makes from day to day sacrifices more extensive and more considerable. . . . It offers a continual encouragement to the manufactures of other countries, and its own manufactures perish in the struggle which they are, as yet, unable to maintain.

"It is with the most lively feelings of regret we acknowledge it is our own proper experience which enables us to trace this picture. The evils which it details have been realized in Russia and Poland, since the conclusion of the act of the 7th and 19th of December, 1818. Agriculture without a market, industry without protection, languish and decline. Specie is exported, and the most solid commercial houses are shaken. The public prosperity would soon feel the wound inflicted on private fortunes, if new regulations did not promptly change the actual state of affairs.

"Events have proved that our agriculture and our commerce, as well as our manufacturing industry, are not only paralyzed, but brought to the brink of ruin."

The example of Spain has been properly referred to, as affording a striking proof of the calamities which attend a State that abandons the care of its own internal industry. Her prosperity was the greatest when the arts, brought there by the Moors, flourished most in that kingdom. Then she received from England her wool, and returned it in the manufactured state; and then England was least prosperous. The two nations have reversed conditions. Spain, after the dis-

covery of America, yielding to an inordinate passion for the gold of the Indies, sought in their mines that wealth which might have been better created at home. Can the remarkable difference in the state of the prosperity of the two countries be otherwise explained than by the opposite systems which they pursued? England, by a sedulous attention to her home industry, supplied the means of an advantageous commerce with her colonies. Spain, by an utter neglect of her domestic resources, confided altogether in those which she derived from her colonies, and presents an instance of the greatest adversity. Her colonies were infinitely more valuable than those of England; and, if she had adopted a similar policy, is it unreasonable to suppose that in wealth and power she would have surpassed that of England? I think the honorable gentleman from Virginia does great injustice to the Catholic religion, in specifying that as one of the leading causes of the decline of Spain. It is a religion entitled to great respect, and there is nothing in its character incompatible with the highest degree of national prosperity. Is not France, the most polished, in many other respects the most distinguished State of christendom, Catholic? Is not Flanders, the most populous part of Europe, also Catholic? Are the Catholic parts of Switzerland and of Germany less prosperous than those which are Protestant?

Tenth. The next objection of the honorable gentleman from Virginia, which I shall briefly notice, is, that the manufacturing system is adverse to the genius of our government, in its tendency to the accumulation of large capitals in a few hands; in the corruption of the public morals, which is alleged to be incident to it; and in the consequent danger to the public liberty. The first part of the objection would apply to every lucrative business, to commerce, to planting, and to the learned professions. Would the gentleman introduce

the system of Lycurgus? If his principle be correct, it should be extended to any and every vocation which had a similar tendency. The enormous fortunes in our country—the nabobs of the land—have been chiefly made by the profitable pursuit of that foreign commerce, in more propitious times, which the honorable gentleman would so carefully cherish. Immense estates have also been made in the South. The dependents are, perhaps, not more numerous upon that wealth which is accumulated in manufactures, than they are upon that which is acquired by commerce and by agriculture. We may safely confide in the laws of distributions, and in the absence of the rule of primogeniture, for the dissipation, perhaps too rapid, of large fortunes. What has become of those which were held two or three generations back in Virginia? Many of the descendants of the ancient aristocracy, as it was called, of that State, are now in the most indigent condition. The best security against the demoralization of society is the constant and profitable employment of its members. The greatest danger to public liberty is from idleness and vice. If manufactures form cities, so does commerce. And the disorders and violence which proceed from the contagion of the passions are as frequent in one description of those communities as in the other. There is no doubt but that the yeomanry of a country is the safest depository of public liberty. In all time to come, and under any probable direction of the labor of our population, the agricultural class must be much the most numerous and powerful, and will ever retain, as it ought to retain, a preponderating influence in our councils. The extent and the fertility of our lands constitute an adequate security against an excess in manufactures, and also against oppression, on the part of capitalists, towards the laboring portions of the community.

Eleventh. The last objection with a notice of which I shall trouble the committee is that the Constitution does not authorize the passage of the bill. The gentleman from Virginia does not assert, indeed, that it is inconsistent with the express provisions of that instrument, but he thinks it incompatible with the spirit of the Constitution. If we attempt to provide for the internal improvement of the country, the Constitution, according to some gentlemen, stands in our way. If we attempt to protect American industry against foreign policy and the rivalry of foreign industry, the Constitution presents an insuperable obstacle. This Constitution must be a most singular instrument! It seems to be made for any other people than our own. Its action is altogether foreign. Congress has power to lay duties and imposts, under no other limitation whatever than that of their being uniform throughout the United States. But they can only be imposed, according to the honorable gentleman, for the sole purpose of revenue. This is a restriction which we do not find in the Constitution. No doubt revenue was a principal object with the framers of the Constitution in investing Congress with the power. But, in executing it, may not the duties and imposts be so laid as to secure domestic interests? Or is Congress denied all discretion as to the amount or the distribution of the duties and imposts?

The gentleman from Virginia has, however, entirely mistaken the clause of the Constitution on which we rely. It is that which gives to Congress the power to regulate commerce with foreign nations. The grant is plenary, without any limitation whatever, and includes the whole power of regulation, of which the subject to be regulated is susceptible. It is as full and complete a grant of the power, as that is to declare war. What is a regulation of commerce? It implies the admission

or exclusion of the object of it, and the terms. Under this power some articles, by the existing laws, are admitted freely ; others are subjected to duties so high as to amount to their prohibition, and various rates of duties are applied to others. Under this power, laws of total non-intercourse with some nations, embargoes producing an entire cessation of commerce with all foreign countries, have been, from time to time, passed. These laws, I have no doubt, met with the entire approbation of the gentleman from Virginia. [Mr. Barbour said that he was not in Congress.] Wherever the gentleman was, whether on his farm or in the pursuit of that profession of which he is an ornament, I have no doubt that he gave his zealous support to the laws referred to.

The principle of the system under consideration has the sanction of some of the best and wisest men, in all ages, in foreign countries as well as in our own, — of the Edwards, of Henry the Great, of Elizabeth, of the Colberts, abroad ; of our Franklin, Jefferson, Madison, Hamilton, at home. But it comes recommended to us by a higher authority than any of these, illustrious as they unquestionably are, — by the master-spirit of the age, that extraordinary man who has thrown the Alexanders and the Cæsars infinitely further behind him than they stood in advance of the most eminent of their predecessors, that singular man, who — whether he was seated on his imperial throne, deciding the fate of nations and allotting kingdoms to the members of his family with the same composure, if not with the same affection, as that with which a Virginia father divides his plantations among his children, or on the miserable rock of St. Helena, to which he was condemned by the cruelty and the injustice of his unworthy victors — is equally an object of the most intense admiration. He appears to have comprehended, with

the rapidity of intuition, the true interests of a State, and to have been able, by the turn of a single expression, to develop the secret springs of the policy of cabinets. We find that Las Casas reports him to have said :

“He opposed the principles of economists, ‘which,’ he said, ‘were correct in theory though erroneous in their application. The political constitution of different States,’ continued he, ‘must render these principles defective ; local circumstances continually call for deviations from their uniformity. Duties,’ he said, ‘which were so severely condemned by political economists, should not, it is true, be an object to the treasury ; they should be the guaranty and protection of a nation, and should correspond with the nature and the objects of its trade. Holland, which is destitute of productions and manufactures, and which has a trade only of transit and commission, should be free of all fetters and barriers. France, on the contrary, which is rich in every sort of production and manufactures, should incessantly guard against the importations of a rival, who might still continue superior to her, and also against the cupidity, egotism, and indifference, of mere brokers.

“‘I have not fallen into the error of modern systematizers,’ said the emperor, ‘who imagine that all the wisdom of nations is centred in themselves. Experience is the true wisdom of nations. And what does all the reasoning of economists amount to ? They incessantly extol the prosperity of England, and hold her up as our model ; but the custom-house system is more burdensome and arbitrary in England than in any other country. They also condemn prohibitions ; yet it was England set the example of prohibitions ; and they are in fact necessary with regard to certain objects. Duties cannot adequately supply the place of prohibitions ; there will always be found means to defeat the object

of the legislator. In France we are still very far behind on these delicate points, which are still unperceived or ill understood by the mass of society. Yet, what advancement have we not made; what correctness of ideas has been introduced by my gradual classification of agriculture, industry, and trade; objects so distinct in themselves, and which present so great and positive a graduation!

“‘First. Agriculture; the soul, the first basis of the empire.

“‘Second. Industry; the comfort and happiness of the population.

“‘Third. Foreign trade; the superabundance, the proper application of the surplus of agriculture and industry.

“‘Agriculture was continually improving during the whole course of the revolution. Foreigners thought it ruined in France. In 1814, however, the English were compelled to admit that we had little or nothing to learn from them.

“‘Industry or manufactures, and internal trade, made immense progress during my reign. The application of chemistry to the manufactures caused them to advance with giant strides. I gave an impulse, the effects of which extended throughout Europe.

“‘Foreign trade, which, in its results, is infinitely inferior to agriculture, was an object of subordinate importance in my mind. Foreign trade is made for agriculture and home industry, and not the two latter for the former. The interests of these three fundamental cases are diverging and frequently conflicting. I always promoted them in their natural gradation, but I could not and ought not to have ranked them all on an equality. Time will unfold what I have done, the national resources which I created, and the emancipation from the English which I brought about. We

have now the secret of the commercial treaty of 1783. France still exclaims against its author; but the English demanded it on pain of resuming the war. They wished to do the same after the treaty of Amiens, but I was then all-powerful; I was a hundred cubits high. I replied that if they were in possession of the heights of Montmartre I would still refuse to sign the treaty. These words were echoed through Europe.

“The English will now impose some such treaty on France, at least, if popular clamor and the opposition of the mass of the nation do not force them to draw back. This thralldom would be an additional disgrace in the eyes of that nation, which is now beginning to acquire a just perception of her own interests.

“When I came to the head of the Government, the American ships, which were permitted to enter our ports on the score of their neutrality, brought us raw materials, and had the impudence to sail from France without freight, for the purpose of taking in cargoes of English goods in London. They, moreover, had the insolence to make their payments, when they had any to make, by giving bills on persons in London. Hence the vast profits reaped by the English manufacturers and brokers, entirely to our prejudice. I made a law that no American should import goods to any amount, without immediately exporting their exact equivalent. A loud outcry was raised against this; it was said that I had ruined trade. But what was the consequence? Notwithstanding the closing of my ports, and in spite of the English, who ruled the seas, the Americans returned and submitted to my regulations. What might I not have done under more favorable circumstances?

“Thus I naturalized in France the manufacture of cotton, which includes:—

“First, spun cotton. We did not previously spin it ourselves; the English supplied us with it, as a sort of favor.



“‘Secondly, the web. We did not yet make it; it came to us from abroad.

“‘Thirdly, the printing. This was the only part of the manufacture that we performed ourselves. I wished to naturalize the two first branches; and I proposed to the Council of State that their importation should be prohibited. This excited great alarm. I sent for Oberkamp, and I conversed with him a long time. I learned from him that this prohibition would doubtless produce a shock, but that, after a year or two of perseverance, it would prove a triumph, whence we should derive immense advantages. Then I issued my decree in spite of all; this was a true piece of statesmanship.

“‘I at first confined myself merely to prohibiting the web; then I extended the prohibition to spun cotton; and we now possess, within ourselves, the three branches of the cotton manufacture, to the great benefit of our population, and the injury and regret of the English, which proves that, in civil government, as well as in war, decision of character is often indispensable to success.’”

I will trouble the Committee with only one other quotation, which I shall make from Lowe; and from hearing which the Committee must share with me in the mortification which I felt on perusing it. That author says: “It is now above forty years since the United States of America were definitely separated from us, and since, their situation has afforded a proof that the benefit of mercantile intercourse may be retained, in all its extent, without the care of governing, or the expense of defending these once regretted provinces.” Is there not too much truth in this observation? By adhering to the foreign policy which I have been discussing, do we not remain essentially British, in everything but the form of our government? Are not our interests, our industry, our commerce, so modi-

fied as to swell British pride, and to increase British power?

Mr. Chairman, our confederacy comprehends within its vast limits great diversity of interests: agricultural, planting, farming, commercial, navigating, fishing, manufacturing. No one of these interests is felt in the same degree and cherished with the same solicitude throughout all parts of the Union. Some of them are peculiar to particular sections of our common country. But all these great interests are confided to the protection of one Government, — to the fate of one ship; and a most gallant ship it is, with a noble crew. If we prosper and are happy, protection must be extended to all; it is due to all. It is the great principle on which obedience is demanded from all. If our essential interests cannot find protection from our own Government against the policy of foreign powers, where are they to get it? We did not unite for sacrifice, but for preservation. The inquiry should be, in reference to the great interests of every section of the Union (I speak not of minute subdivisions), what would be done for those interests if that section stood alone and separated from the residue of the republic? If the promotion of those interests would not injuriously affect any other section, then everything should be done for them which would be done if it formed a distinct Government. If they come into absolute collision with the interests of another section, a reconciliation, if possible, should be attempted by mutual concession, so as to avoid a sacrifice of the prosperity of either to that of the other. In such a case all should not be done for one which would be done, if it were separated and independent, but something; and in devising the measure the good of each part and of the whole should be carefully consulted. This is the only mode by which we can preserve, in full vigor, the harmony of the whole Union. The South entertains

one opinion, and imagines that a modification of the existing policy of the country for the protection of American industry involves the ruin of the South. The North, the East, the West hold the opposite opinion, and feel and contemplate, in a longer adherence to the foreign policy as it now exists, their utter destruction. Is it true that the interests of these great sections of our country are irreconcilable with each other? Are we reduced to the sad and afflicting dilemma of determining which shall fall a victim to the prosperity of the other? Happily, I think, there is no such distressing alternative. If the North, the West, and the East formed an independent State, unassociated with the South, can there be a doubt that the restrictive system would be carried to the point of prohibition of every foreign fabric of which they produce the raw material, and which they could manufacture? Such would be their policy, if they stood alone; but they are fortunately connected with the South, which believes its interests to require a free admission of foreign manufactures. Here, then, is a case for mutual concession, for fair compromise. The bill under consideration presents this compromise. It is a medium between the absolute exclusion and the unrestricted admission of the produce of foreign industry. It sacrifices the interest of neither section to that of the other; neither, it is true, gets all that it wants, nor is subject to all that it fears. But it has been said that the South obtains nothing in this compromise. Does it lose anything? is the first question. I have endeavored to prove that it does not, by showing that a mere transfer is effected in the source of the supply of its consumption from Europe to America; and that the loss, whatever it may be, of the sale of its great staple in Europe is compensated by the new market created in America. But does the South really gain nothing in this compromise? The consumption

of the other sections, though somewhat restricted, is still left open by this bill, to foreign fabrics purchased by Southern staples. So far its operation is beneficial to the South, and prejudicial to the industry of the other sections, and that is the point of mutual concession. The South will also gain by the extended consumption of its great staple, produced by an increased capacity to consume it in consequence of the establishment of the home market. But the South cannot exert its industry and enterprise in the business of manufactures! Why not? The difficulties, if not exaggerated, are artificial, and may therefore be surmounted. But can the other sections embark in the planting occupations of the South? The obstructions which forbid them are natural, created by the immutable laws of God, and therefore unconquerable.

Other and animating considerations invite us to adopt the policy of this system. Its importance, in connection with the general defense in time of war, cannot fail to be duly estimated. Need I recall to our painful recollection the sufferings, for the want of an adequate supply of absolute necessities, to which the defenders of their country's rights and our entire population were subjected during the late war? Or to remind the Committee of the great advantage of a steady and unfailing source of supply, unaffected alike in war and in peace? Its importance, in reference to the stability of our Union, that paramount and greatest of all our interests, cannot fail warmly to recommend it, or at least to conciliate the forbearance of every patriot bosom. Now our people present the spectacle of a vast assemblage of jealous rivals, all eagerly rushing to the seaboard, jostling each other in their way, to hurry off to glutted foreign markets the perishable produce of their labor. The tendency of that policy, in conformity to which this bill is prepared, is to transform these com-

petitors into friends and mutual customers ; and, by the reciprocal exchanges of their respective productions, to place the confederacy upon the most solid of all foundations, the basis of common interest. And is not Government called upon, by every stimulating motive, to adapt its policy to the actual condition and extended growth of our great republic ? At the commencement of our Constitution, almost the whole population of the United States was confined between the Alleghany mountains and the Atlantic ocean. Since that epoch, the western part of New York, of Pennsylvania, of Virginia, all the Western States and Territories have been principally peopled. Prior to that period we had scarcely any interior. An interior has sprung up, as it were by enchantment, and along with it new interests and new relations, requiring the parental protection of Government. Our policy should be modified accordingly, so as to comprehend all, and sacrifice none. And are we not encouraged by the success of past experience, in respect to the only article which has been adequately protected ? Already have the predictions of the friends of the American system, in even a shorter time than their most sanguine hopes could have anticipated, been completely realized in regard to that article ; and consumption is now better and more cheaply supplied with coarse cottons than it was under the prevalence of the foreign system.

Even if the benefits of the policy were limited to certain sections of our country, would it not be satisfactory to behold American industry, wherever situated, active, animated, and thrifty, rather than persevere in a course which renders us subservient to foreign industry ? But these benefits are two-fold, direct and collateral, and in the one shape or the other they will diffuse themselves throughout the Union. All parts of the Union will participate, more or less, in both. As to the

direct benefit, it is probable that the North and the East will enjoy the largest share. But the West and the South will also participate in them. Philadelphia, Baltimore, and Richmond will divide with the Northern capitals the business of manufacturing. The latter city unites more advantages for its successful prosecution than any other place I know, Zanesville in Ohio only excepted. And where the direct benefit does not accrue, that will be enjoyed of supplying the raw material and provisions for the consumption of artisans. Is it not most desirable to put at rest and prevent the annual recurrence of this unpleasant subject, so well fitted, by the various interests to which it appeals, to excite irritation and to produce discontent? Can that be effected by its rejection? Behold the mass of petitions which lie on our table, earnestly and anxiously entreating the protecting interposition of Congress against the ruinous policy which we are pursuing. Will these petitioners, comprehending all orders of society, entire States and communities, public companies and private individuals, spontaneously assembling, cease in their humble prayers by your lending a deaf ear? Can you expect that these petitioners and others, in countless numbers, that will, if you delay the passage of this bill, supplicate your mercy, should contemplate their substance gradually withdrawn to foreign countries, their ruin, slow but certain and as inevitable as death itself, without one expiring effort? You think the measure injurious to you; we believe our preservation depends upon its adoption. Our convictions, mutually honest, are equally strong. What is to be done? I invoke that saving spirit of mutual concession under which our blessed Constitution was formed, and under which alone it can be happily administered. I appeal to the South—to the high-minded, generous, and patriotic South—with which I have so often coöperated, in attempting to

sustain the honor and to vindicate the rights of our country. Should it not offer, upon the altar of the public good, some sacrifice of its peculiar opinions? Of what does it complain? A possible temporary enhancement in the objects of consumption. Of what do we complain? A total incapacity, produced by the foreign policy, to purchase, at any price, necessary foreign objects of consumption. In such an alternative, inconvenient only to it, ruinous to us, can we expect too much from Southern magnanimity? The just and confident expectation of the passage of this bill has flooded the country with recent importations of foreign fabrics. If it should not pass, they will complete the work of destruction of our domestic industry. If it should pass, they will prevent any considerable rise in the price of foreign commodities, until our own industry shall be able to supply competent substitutes.

To the friends of the tariff I would also anxiously appeal. Every arrangement of its provisions does not suit each of you; you desire some further alterations; you would make it perfect. You want what you will never get. Nothing human is perfect. And I have seen, with great surprise, a piece signed by a member of Congress, published in the "National Intelligencer," stating that this bill must be rejected, and a judicious tariff brought in as its substitute. A judicious tariff! No member of Congress could have signed that piece; or, if he did, the public ought not to be deceived. If this bill do not pass, unquestionably no other can pass at this session, or probably during this Congress. And who will go home and say that he rejected all the benefits of this bill, because molasses has been subjected to the enormous additional duty of five cents per gallon? I call, therefore, upon the friends of the American policy to yield somewhat of their own peculiar wishes, and not reject the practicable in the idle pursuit after

the unattainable. Let us imitate the illustrious example of the framers of the Constitution, and, always remembering that whatever springs from man partakes of his imperfections, depend upon experience to suggest, in future, the necessary amendments.

We have had great difficulties to encounter. First, the splendid talents which are arrayed in this house against us. Second, we are opposed by the rich and powerful in the land. Third, the executive Government, if any, affords us but a cold and equivocal support. Fourth, the importing and navigating interest, I verily believe from misconception, are adverse to us. Fifth, the British factors and the British influence are inimical to our success. Sixth, long-established habits and prejudices oppose us. Seventh, the reviewers and literary speculators, foreign and domestic. And, lastly, the leading presses of the country, including the influence of that which is established in this city and sustained by the public purse.

From some of these, or other causes, the bill may be postponed, thwarted, defeated. But the cause is the cause of the country, and it must and will prevail. It is founded in the interests and affections of the people. It is as native as the granite deeply imbedded in our mountains. And, in conclusion, I would pray God, in his infinite mercy, to avert from our country the evils which are impending over it, and, by enlightening our councils, to conduct us into that path which leads to riches, to greatness, to glory.



## SPEECH OF DANIEL WEBSTER UPON THE TARIFF,

IN THE HOUSE OF REPRESENTATIVES, APRIL 1 and 2,  
1824.

MR. CHAIRMAN, — I will avail myself of the present occasion to make some remarks on certain principles and opinions which have been recently advanced, and on those considerations which, in my judgment, ought to govern us in deciding upon the several and respective parts of this very important and complex measure. I can truly say that this is a painful duty. I deeply regret the necessity, which is likely to be imposed upon me, of giving a general affirmative or negative vote on the whole of the bill. I cannot but think this mode of proceeding liable to great objections. It exposes both those who support and those who oppose the measure to very unjust and injurious misapprehensions. There may be good reasons for favoring some of the provisions of the bill, and equally strong reasons for opposing others; and these provisions do not stand to each other in the relation of principal and incident. If that were the case, those who are in favor of the principal might forego their opinions upon incidental and subordinate provisions. But the bill proposes enactments entirely distinct, and different from one another in character and tendency. Some of its clauses are intended merely for revenue; and, of those which regard the protection of home manufactures, one part stands upon very different grounds from those of other parts. So that probably every gentleman who may ultimately support the bill will vote

for much which his judgment does not approve; and those who oppose it will oppose something which they would very gladly support.

Being intrusted with the interests of a district highly commercial, and deeply interested in manufactures also, I wish to state my opinions on the present measure; not as on a whole, for it has no entire and homogeneous character; but as on a collection of different enactments, some of which meet my approbation and some of which do not.

And allow me, sir, in the first place, to state my regret, if indeed I ought not to express a warmer sentiment, at the names, or designations, which Mr. Speaker has seen fit to adopt, for the purpose of describing the advocates and the opposers of the present bill. It is a question, he says, between the friends of an "American policy," and those of a "foreign policy." This, sir, is an assumption which I take the liberty most directly to deny. Mr. Speaker certainly intended nothing invidious or derogatory to any part of the House by this mode of denominating friends and enemies. But there is power in names, and this manner of distinguishing those who favor and those who oppose particular measures may lead to inferences to which no member of the House can submit. It may imply that there is a more exclusive and peculiar regard to American interests in one class of opinions than in another. Such an implication is to be resisted and repelled. Every member has a right to the presumption that he pursues what he believes to be the interest of his country with as sincere a zeal as any other member. I claim this in my own case; and, while I shall not, for any purpose of description or convenient arrangement, use terms which may imply any disrespect to other men's opinions, much less any imputations of other men's motives, it is my duty to take care that the use of such terms by others be not,

against the will of those who adopt them, made to produce a false impression. Indeed, sir, it is a little astonishing, if it seemed convenient to Mr. Speaker, for the purposes of distinction, to make use of the terms "American policy" and "foreign policy," that he should not have applied them in a manner precisely the reverse of that in which he has in fact used them. If names are thought necessary, it would be well enough, one would think, that the name should be in some measure descriptive of the thing; and since Mr. Speaker denominates the policy which he recommends "a new policy in this country;" since he speaks of the present measure as a new era in our legislation; since he professes to invite us to depart from our accustomed course, to instruct ourselves by the wisdom of others, and to adopt the policy of the most distinguished foreign states, one is a little curious to know with what propriety of speech this imitation of other nations is denominated an "American policy," while, on the contrary, a preference for our own established system, as it now actually exists, and always has existed, is called a "foreign policy." This favorite American policy is what America has never tried, and this odious foreign policy is what, as we are told, foreign states have never pursued. Sir, that is the truest American policy which shall most usefully employ American capital, and American labor, and best sustain the whole population. With me it is a fundamental axiom, it is interwoven with all my opinions, that the great interests of the country are united and inseparable; that agriculture, commerce, and manufactures will prosper together, or languish together; and that all legislation is dangerous which proposes to benefit one of these without looking to consequences which may fall on the others.

Passing from this, sir, I am bound to say that Mr. Speaker began his able and impressive speech at the

proper point of inquiry ; I mean the present state and condition of the country ; although I am so unfortunate, or rather although I am so happy, as to differ from him very widely in regard to that condition. I dissent entirely from the justice of that picture of distress which he has drawn. I have not seen the reality, and know not where it exists. Within my observation there is no cause for so gloomy and terrifying a representation. In respect to the New England States, with the condition of which I am, of course, most acquainted, the present appears to me a period of very general prosperity. Not, indeed, a time for great profits and sudden acquisition ; not a day of extraordinary activity and successful speculation. There is, no doubt, a considerable depression of prices, and in some degree a stagnation of business. But the case presented by Mr. Speaker was not one of depression, but of distress ; of universal, pervading, intense distress, limited to no class, and to no place. We are represented as on the very verge and brink of national ruin. So far from acquiescing in these opinions, I believe there has been no period in which the general prosperity was better secured, or rested on a more solid foundation. As applicable to the eastern States, I put this remark to their Representatives, and ask them if it is not true. When has there been a time in which the means of living have been more accessible and more abundant ? when has labor been rewarded, I do not say with a larger, but with a more certain success ? Profits, indeed, are low ; in some pursuits of life, which it is not proposed to benefit, but to burden by this bill, very low. But still I am unacquainted with any proofs of extraordinary distress. What, indeed, are the general indications of the state of the country ? There is no famine nor pestilence in the land, nor war, nor desolation. There is no writhing under the burden of taxation. The means of subsist-

ence are abundant; and at the very moment when the miserable condition of the country is asserted, it is admitted that the wages of labor are high in comparison with those of any other country. A country, then, enjoying a profound peace, a perfect civil liberty, with the means of subsistence cheap and abundant, with the reward of labor sure, and its wages higher than anywhere else, cannot be represented in gloom, melancholy, and distress, but by the effort of extraordinary powers of tragedy.

Even if, in judging of this question, we were to regard only those proofs to which we have been referred, we shall probably come to a conclusion somewhat different from that which has been drawn. Our exports, for example, although certainly less than in some years, were not, last year, so much below an average, formed upon the exports of a series of years, and putting those exports at a fixed value, as might be supposed. The exports of agricultural products, of animals, of the products of the forest, of the sea, together with gunpowder, spirits, and sundry unenumerated articles, amounted in the several years to the following sums, viz :—

In 1790 . . . . .	\$27,716,152
In 1804 . . . . .	33,842,316
In 1807 . . . . .	38,465,854

Coming up, now, to our own times, and taking the exports of the years 1821, 1822, and 1823, of the same articles and products, at the same prices, they stand thus :—

In 1821 . . . . .	\$45,643,175
In 1822 . . . . .	48,782,295
In 1823 . . . . .	55,863,491

Mr. Speaker has taken the very extraordinary year of 1803, and adding to the exportation of that year what he thinks ought to have been a just augmentation, in

proportion to the increase of our population, he swells the result to a magnitude which, when compared with our actual exports, would exhibit a great deficiency. But is there any justice in this mode of calculation? In the first place, as before observed, the year 1803 was a year of extraordinary exportation. By reference to the accounts, that of the article of flour, for example, there was an export that year of 1,300,000 barrels; but the very next year it fell to 800,000, and the next year to 700,000. In the next place, there never was any reason to expect that the increase of our exports of agricultural products would keep pace with the increase of our population. That would be against all experience. It is, indeed, most desirable that there should be an augmented demand for the products of agriculture; but, nevertheless, the official returns of our exports do not show that absolute want of all foreign market which has been so strongly stated.

But there are other means by which to judge of the general condition of the people. The quantity of the means of subsistence consumed; or, to make use of a phraseology better suited to the condition of our own people, the quantity of the comforts of life enjoyed, is one of those means. It so happens, indeed, that it is not so easy in this country, as elsewhere, to ascertain facts of this sort with accuracy. Where most of the articles of subsistence, and most of the comforts of life are taxed, there is, of course, great facility in ascertaining, from official statements, the amount of consumption. But in this country, most fortunately, the government neither knows, nor is concerned to know, the annual consumption; and estimates can only be formed in another mode, and in reference only in a few articles. Of these articles, tea is one. Its use is not quite a luxury, and yet is something above the absolute necessities of life. Its consumption, therefore, will be

diminished in times of adversity, and augmented in times of prosperity. By deducting the annual export from the annual import, and taking a number of years together, we may arrive at a probable estimate of consumption. The average of eleven years, from 1790 to 1800 inclusive, will be found to be 2,500,000 pounds. From 1801 to 1812, inclusive, 3,700,000; and the average of the last three years, to wit: 1821, 1822, and 1823, 5,500,000. Having made a just allowance for the increase in our numbers, we shall still find, I think, from these statements, that there is no distress which has limited our means of subsistence and enjoyment.

In forming an opinion of the degree of general prosperity, we may regard likewise the progress of internal improvements, — the investment of capital in roads, bridges, and canals. All these prove a balance of income over expenditure; they are evidence that there is a surplus of profits which the present generation is usefully vesting for the benefit of the next. It cannot be denied that, in this particular, the progress of the country is steady and rapid.

We may look, too, to the expenses of education. Are our colleges deserted? Do fathers find themselves less able than usual to educate their children? It will be found, I imagine, that the amount paid for the purpose of education is constantly increasing, and that the schools and colleges were never more full than at the present moment. I may add that the endowment of public charities, the contributions to objects of general benevolence, whether foreign or domestic, the munificence of individuals towards whatever promises to benefit the community, are all so many proofs of national prosperity. And, finally, there is no defalcation of revenue, no pressure of taxation.

The general result, therefore, of a fair examination of the present condition of things, seems to me to be

that there is a considerable depression of prices and curtailment of profit ; and, in some parts of the country, it must be admitted, there is a great degree of pecuniary embarrassment arising from the difficulty of paying debts which were contracted when prices were high. With these qualifications, the general state of the country may be said to be prosperous ; and these are not sufficient to give to the whole face of affairs any appearance of general distress.

Supposing the evil, then, to be a depression of prices, and a partial pecuniary pressure, the next inquiry is into the causes of that evil ; and it appears to me that there are several, — and in this respect, I think, too much has been imputed, by Mr. Speaker, to the single cause of the diminution of exports. Connected, as we are, with all the commercial nations of the world, and having observed great changes to take place elsewhere, we should consider whether the causes of those changes have not reached us, and whether we are not suffering by the operation of them in common with others. Undoubtedly there has been a great fall in the price of all commodities throughout the commercial world in consequence of the restoration of a state of peace. When the Allies entered France in 1814, prices rose astonishingly fast, and very high. Colonial produce, for instance, in the ports of this country, as well as elsewhere, sprung up suddenly from the lowest to the highest extreme. A new and vast demand was created for the commodities of trade. These were the natural consequences of the great political changes which then took place in Europe.

We are to consider, too, that our own war created new demand, and that a government expenditure of \$25,000,000 or \$30,000,000 a year had the usual effect of enhancing prices. We are obliged to add that the paper issues of our banks carried the same effect still



further. A depreciated currency existed in a great part of the country; depreciated to such an extent as that, at one time, exchange between the centre and the north was as high as 20%. The Bank of the United States was instituted to correct this evil; but, for causes which it is not necessary now to enumerate, it did not for some years bring back the currency of the country to a sound state. This depreciation of the circulating currency was so much, of course, added to the nominal prices of commodities, and these prices thus unnaturally high, seemed, to those who looked only at the appearance, to indicate great prosperity. But such prosperity is more specious than real. It would have been better, probably, as the shock would have been less, if prices had fallen sooner. At length, however, they fell; and, as there is little doubt that certain events in Europe had an influence in determining the time at which this fall should take place, I will advert shortly to some of the principal of those events.

In May, 1819, the British House of Commons decided, by an unanimous vote, that the resumption of cash payments by the Bank of England should not be deferred beyond the ensuing February. The restriction had been continued from time to time and from year to year, Parliament always professing to look to the restoration of a specie currency, whenever it should be found practicable. Having been, in July, 1818, continued to July, 1819, it was understood that, in the interim, the important question of the time at which cash payments should be resumed should be finally settled. In the latter part of the year 1818 the circulation of the bank had been greatly reduced, and a severe scarcity of money was felt in the London market. Such was the state of things in England. On the continent other important events took place. The French Indemnity Loan had been negotiated in the summer of 1818, and the propor-

tion of it belonging to Austria, Russia, and Prussia had been sold. This created an unusual demand for gold and silver in these eastern States of Europe. It has been stated that the amount of the precious metals transmitted to Austria and Russia in that year was at least twenty millions sterling. Other large sums were sent to Prussia and to Denmark. The effect of this sudden drain of specie, felt first at Paris, was communicated to Amsterdam and Hamburg, and all other commercial places in the north of Europe.

The paper system of England had certainly communicated an artificial value to property. It had encouraged speculation and excited overtrading. When the shock therefore came, and this violent pressure for money acted at the same moment on the continent and in England, inflated and unnatural prices could be kept up no longer. A reduction took place, which has been estimated to have been at least equal to a fall of 30%, if not 40%. The depression was universal, and the change was felt in the United States severely, though not equally so in every part of them. There are those, I am aware, who maintain that the events to which I have alluded did not cause the great fall of prices, but that that fall was natural and inevitable, from the previously existing state of things, the abundance of commodities, and the want of demand. But that would only prove that the effect was produced in another way, rather than by another cause. If these great and sudden calls for money did not reduce prices, but prices fell as of themselves to their natural state, still the result is the same; for we perceive that after these new calls for money, prices could not be kept longer at their unnatural height.

About the time of these foreign events our own bank system underwent a change; and all these causes, in my view of the subject, concurred to produce the great

shock which took place in our commercial cities, and through many parts of the country. The year 1819 was a year of numerous failures and very considerable distress, and would have furnished far better grounds than exist at present for that gloomy representation of our condition which has been presented. Mr. Speaker has alluded to the strong inclination which exists, or has existed, in various parts of the country to issue paper money, as a proof of great existing difficulties. I regard it rather as a very productive cause of those difficulties; and the committee will not fail to observe that there is, at this moment, much the loudest complaint of distress precisely where there has been the greatest attempt to relieve it by systems of paper credit. And, on the other hand, content, prosperity, and happiness, are most observable in those parts of the country where there has been the least endeavor to administer relief by law. In truth, nothing is so baneful, so utterly ruinous to all true industry, as interfering with the legal value of money, or attempting to raise artificial standards to supply its place. Such remedies suit well the spirit of extravagant speculation, but they sap the very foundation of all honest acquisition. By weakening the security of property they take away all motive for exertion. Their effect is to transfer property. Whenever a debt is allowed to be paid by anything less valuable than the legal currency in respect to which it was contracted, the difference between the value of the paper given in payment and the legal currency is precisely so much property taken from one man and given to another by legislative enactment.

When we talk, therefore, of protecting industry, let us remember that the first measure for that end is to secure it in its earnings, to assure it that it shall receive its own. Before we invent new modes of raising prices, let us take care that existing prices are not rendered wholly

unavailable by making them capable of being paid in depreciated paper. I regard, sir, this issue of irredeemable paper as the most prominent and deplorable cause of whatever pressure still exists in the country; and further, I would put the question to the members of this Committee, whether it is not from that part of the people who have tried this paper system, and tried it to their cost, that this bill receives the most earnest support? And I cannot forbear to ask, further, whether this support does not proceed rather from a general feeling of uneasiness under the present condition of things, than from the clear perception of any benefit which the measure itself can confer? Is not all expectation of advantage centred in a sort of vague hope that change may produce relief? Debt certainly presses hardest where prices have been longest kept up by artificial means. They find the shock lightest who take it soonest; and I fully believe that, if those parts of the country which now suffer most had not augmented the force of the blow by deferring it, they would have now been in a much better condition than they are. We may assure ourselves, once for all, sir, that there can be no such thing as payment of debts by legislation. We may abolish debts indeed; we may transfer property by visionary and violent laws. But we deceive both ourselves and our constituents if we flatter either ourselves or them with the hope that there is any relief against whatever pressure exists, but in economy and industry. The depression of prices and the stagnation of business have been in truth the necessary result of circumstances. No government could prevent them, and no government can altogether relieve the people from their effect. We had enjoyed a day of extraordinary prosperity; we had been neutral while the world was at war, and had found a great demand for our products, our navigation, and our labor. We had no right

to expect that that state of things would continue always. With the return of peace foreign nations would struggle for themselves, and enter into competition with us in the great objects of pursuit.

Now, sir, what is the remedy for existing evils? what is the course of policy suited to our actual condition? Certainly it is not our wisdom to adopt any system that may be offered to us without examination, and in the blind hope that whatever changes our condition may improve it. It is better that we should

“Bear those ills we have,  
Than fly to others that we know not of.”

We are bound to see that there is a fitness and an aptitude in whatever measures may be recommended to relieve the evils that afflict us; and before we adopt a system that professes to make great alterations, it is our duty to look carefully to each leading interest of the community, and see how it may probably be affected by our proposed legislation.

And, in the first place, what is the condition of our commerce? Here we must clearly perceive that it is not enjoying that rich harvest which fell to its fortune during the continuance of the European wars. It has been greatly depressed, and limited to small profits. Still, it is elastic and active, and seems capable of recovering itself in some measure from its depression. The shipping interest also has suffered severely, still more severely, probably, than commerce. If anything should strike us with astonishment it is that the navigation of the United States should be able to sustain itself. Without any government protection whatever, it goes abroad to challenge competition with the whole world; and, in spite of all obstacles, it has yet been able to maintain 800,000 tons in the employment of foreign trade. How, sir, do the ship-owners and navi-

gators accomplish this ? How is it that they are able to meet, and in some measure overcome, universal competition ? Not, sir, by protection and bounties, but by unwearied exertion, by extreme economy, by unshaken perseverance, by that manly and resolute spirit which relies on itself to protect itself. These causes alone enable American ships still to keep their element, and show the flag of their country in distant seas. The rates of insurance may teach us how thoroughly our ships are built, and how skillfully and safely they are navigated. Risks are taken, as I learn, from the United States to Liverpool, at 1%, and from the United States to Canton and back as low as 3%. But when we look to the low rate of freight, and when we consider, also, that the articles entering into the composition of a ship, with the exception of wood, are dearer here than in other countries, we cannot but be utterly surprised that the shipping interest has been able to sustain itself at all. I need not say that the navigation of the country is essential to its honor and its defense. Yet, instead of proposing benefit for it in this hour of its depression, we propose by this measure to lay upon it new and heavy burdens. In the discussion, the other day, of that provision of the bill which proposes to tax tallow for the benefit of the oil merchants and whalermen, we had the pleasure of hearing eloquent eulogiums upon that portion of our shipping employed in the whale fishery, and strong statements of its importance to the public interest. But the same bill proposes a severe tax upon that interest for the benefit of the iron manufacturer and the hemp grower. So that the tallow-chandlers and soapboilers are sacrificed to the oil merchants, in order that these again may contribute to the manufacturers of iron and the growers of hemp.

If such be the state of our commerce and navigation, what is the condition of our home manufactures ? How

are they amidst the general depression? Do they need further protection? and if any, how much? On all these points, we have had much general statement, but little precise information. In the very elaborate speech of Mr. Speaker, we are not supplied with satisfactory grounds of judging in these various particulars. Who can tell, from anything yet before the committee, whether the proposed duty be too high or too low, on any one article? Gentlemen tell us, that they are in favor of domestic industry; so am I. They would give it protection; so would I. But then all domestic industry is not confined to manufactures. The employments of agriculture, commerce, and navigation, are all branches of the same domestic industry; they all furnish employment for American capital and American labor. And when the question is, whether new duties shall be laid, for the purpose of giving further encouragement to particular manufactures, every reasonable man must ask himself, both whether the proposed new encouragement be necessary, and whether it can be given without injustice to other branches of industry.

It is desirable to know, also, somewhat more distinctly, how the proposed means will produce the intended effect. One great object proposed, for example, is the increase of the home market for the consumption of agricultural products. This certainly is much to be desired; but what provisions of the bill are expected wholly or principally to produce this, is not stated. I would not suggest that some increase of the home market may not follow from the adoption of this bill, but all its provisions have not an equal tendency to produce this effect. Those manufactures which employ most labor create, of course, most demand for articles of consumption; and those create least, in the production of which capital and skill enter as the chief ingredients of cost. I cannot, sir, take this bill, merely

because a Committee has recommended it. I cannot espouse a side, and fight under a flag. I wholly repel the idea, that we must take this law, or pass no law on the subject. What should hinder us from exercising our own judgments upon these provisions, singly and severally? Who has the power to place us, or why should we place ourselves, in a condition where we cannot give to every measure, that is distinct and separate in itself, a separate and distinct consideration? Sir, I presume no member of the Committee will withhold his assent from what he thinks right, until others will yield their assent to what they think wrong. There are many things in this bill, acceptable probably to the general sense of the House. Why should not these provisions be passed into a law, and others left to be decided upon their own merits, as a majority of the House shall see fit? To some of these provisions, I am myself decidedly favorable; to others, I have great objections; and I should have been very glad of an opportunity of giving my own vote distinctly on propositions, which are, in their own nature, essentially and substantially distinct from one another.

But, sir, before expressing my own opinion upon the several provisions of this bill, I will advert for a moment to some other general topics. We have heard much of the policy of England, and her example has been repeatedly urged upon us, as proving, not only the expediency of encouragement and protection, but of exclusion and direct prohibition also. I took occasion the other day to remark, that more liberal notions were growing prevalent on this subject; that the policy of restraints and prohibitions was getting out of repute, as the true nature of commerce became better understood; and that, among public men, those most distinguished were most decided in their reprobation of the broad principle of exclusion and prohibition. Upon



the truth of this representation, as matter of fact, I supposed there could not be two opinions among those who had observed the progress of political sentiment in other countries, and were acquainted with its present state. In this respect, however, it would seem that I was greatly mistaken. We have heard it again and again declared, that the English government still adheres, with immovable firmness, to its old doctrines of prohibition; that although journalists, theorists, and scientific writers advance other doctrines, yet the practical men, the legislators, the government of the country, are too wise to follow them. It has even been most sagaciously hinted that the promulgation of liberal opinions on these subjects is intended only for a delusion upon other nations, to cajole them into the folly of liberal ideas, while England retains to herself all the benefits of the admirable old system of prohibition. We have heard from Mr. Speaker a warm commendation of the complex mechanism of this system. The British Empire, it is said, is, in the first place, to be protected against the rest of the world; then the British isles against the colonies; next, the isles respectively against each other, — England herself, as the heart of the empire, being protected most of all, and against all.

Truly, sir, it appears to me, that Mr. Speaker's imagination has seen system, and order, and beauty in that which is much more justly considered as the result of ignorance, partiality, or violence. This part of English legislation has resulted, partly from considering Ireland as a conquered country, partly from the want of a complete union, even with Scotland, and partly from the narrow views of colonial regulation, which in early and uninformed periods influenced the European states.

And, sir, I imagine, nothing would strike the public men of England more singularly than to find gentlemen of real information, and much weight in the

councils of this country, expressing sentiments like these, in regard to the existing state of these English laws. I have never said, indeed, that prohibitory laws did not exist in England: we all know they do; but the question is, does she owe her prosperity and greatness to these laws? I venture to say, that such is not the opinion of the public men now in England, and the continuance of the laws, even without any alteration, would not be evidence that their opinion is different from what I have represented it; because the laws having existed long, and great interests having been built up on the faith of them, they cannot now be repealed without great and overwhelming inconvenience. Because a thing has been wrongly done, it does not therefore follow that it can now be undone; and this is the reason, as I understand it, upon which exclusion, prohibition and monopoly are suffered to remain in any degree in the English system; and for the same reason it will be wise in us to take our measures on all subjects of this kind with great caution. We may not be able, but at the hazard of much injury to individuals, hereafter to retrace our steps. And yet, whatever is extravagant or unreasonable is not likely to endure. There may come a moment of strong reaction; and if no moderation be shown in laying on duties, there may be little scruple in taking them off. It may here be observed that there is a broad and marked distinction between entire prohibition and reasonable encouragement. It is one thing, by duties or taxes on foreign articles, to awaken a home competition in the production of the same articles; it is another thing to remove all competition by a total exclusion of the foreign article; and it is quite another thing still, by total prohibition, to raise at home manufactures not suited to the climate, the nature of the country, or the state of the population. These are substantial distinctions, and although it may

not be easy in every case to determine which of them applies to a given article, yet the distinctions themselves exist, and in most cases will be sufficiently clear to indicate the true course of policy; and, unless I have greatly mistaken the prevailing sentiment in the councils of England, it grows every day more and more favorable to the diminution of restrictions, and to the wisdom of leaving much (I do not say everything, for that would not be true) to the enterprise and the discretion of individuals. I should certainly not have taken up the time of the Committee to state at any length the opinions of other governments, or of the public men of other countries, upon a subject like this; but an occasional remark made by me the other day having been so directly controverted, especially by Mr. Speaker, in his observations yesterday, I must take occasion to refer to some proofs of what I have stated.

What then is the state of English opinion? Everybody knows that, after the termination of the late European war, there came a time of great pressure in England. Since her example has been quoted, let it be asked in what mode her government sought relief. Did it aim to maintain artificial and unnatural prices? Did it maintain a swollen and extravagant paper circulation? Did it carry further the laws of prohibition and exclusion? Did it draw closer the cords of colonial restraint? No, sir, but precisely the reverse. Instead of relying on legislative contrivances and artificial devices, it trusted to the enterprise and industry of the people; which it sedulously sought to excite, not by imposing restraint, but by removing it, wherever its removal was practicable. In May, 1820, the attention of the government having been much turned to the state of foreign trade, a distinguished member<sup>1</sup> of the House of Peers brought forward a parliamentary motion upon that sub-

<sup>1</sup> Lord Lansdowne.

ject, followed by an ample discussion, and a full statement of his own opinions. In the course of his remarks he observed "that there ought to be no prohibitory duties, as such; for that it was evident, that where a manufacture could not be carried on, or a production raised, but under the protection of a prohibitory duty, that manufacture, or that produce, could not be brought to market but at a loss. In his opinion, the name of strict prohibition might, therefore, in commerce, be got rid of altogether; but he did not see the same objection to protecting duties, which, while they admitted of the introduction of commodities from abroad similar to those which we ourselves manufactured, placed them so much on a level as to allow a competition between them." "No axiom," he added, "was more true than this: that it was by growing what the territory of a country could grow most cheaply, and by receiving from other countries what it could not produce except at too great an expense, that the greatest degree of happiness was to be communicated to the greatest extent of population." In assenting to the motion, the first Minister<sup>1</sup> of the Crown expressed his own opinion of the great advantage resulting from unrestricted freedom of trade. "Of the soundness of that general principle," he observed, "I can entertain no doubt. I can entertain no doubt of what would have been the great advantages to the civilized world, if the system of unrestricted trade had been acted upon by every nation, from the earliest period of its commercial intercourse with its neighbors. If to those advantages there could have been any exceptions, I am persuaded that they would have been but few; and I am also persuaded that the cases, to which they would have referred, would not have been, in themselves, connected with the trade and commerce of England. But we are now in a situation in which,—I

<sup>1</sup> Lord Liverpool.

will not say that a reference to the principle of unrestricted trade can be of no use, because such a reference may correct erroneous reasoning, — but in which it is impossible for us, or for any country in the world, but the United States of America, to act unreservedly on that principle. The commercial regulations of the European world have been long established, and cannot suddenly be departed from." Having supposed a proposition to be made to England, by a foreign state, for free commerce and intercourse, and an unrestricted exchange of agricultural products and of manufactures, he proceeds to observe: "It would be impossible to accede to such a proposition. We have risen to our present greatness under a different system. Some suppose that we have risen in consequence of that system; others, of whom I am one, believe that we have risen in spite of that system. But, whichever of these hypotheses be true, certain it is, that we have risen under a very different system than that of free and unrestricted trade. It is utterly impossible, with our debt and taxation, even if they were but half their existing amount, that we can suddenly adopt the system of free trade." Lord Ellenborough, in the same debate, said, "That he attributed the general distress then existing in Europe to the regulations that had taken place since the destruction of the French power. Most of the states on the continent had surrounded themselves as with walls of brass, to inhibit intercourse with other states. Intercourse was prohibited, even in districts of the same state, as was the case in Austria and Sardinia. Thus, though the taxes on the people had been lightened, the severity of their condition had been increased. He believed that the discontent which pervaded most parts of Europe, and especially Germany, was more owing to commercial restrictions than to any theoretical doctrines on government; and that a free communication

among them would do more to restore tranquillity than any other step that could be adopted. He objected to all attempts to frustrate the benevolent intentions of Providence, which had given to various countries various wants, in order to bring them together. He objected to it as antisocial; he objected to it, as making commerce the means of barbarizing, instead of enlightening nations. The state of the trade with France was the most disgraceful to both countries; the two greatest civilized nations of the world, placed at a distance of scarcely twenty miles from each other, had contrived, by their artificial regulations, to reduce their commerce with each other to a mere nullity." Every member, speaking on this occasion, agreed in the general sentiments favorable to unrestricted intercourse, which had thus been advanced; one of them remarking, at the conclusion of the debate, that "the principles of free trade, which he was happy to see so fully recognized, were of the utmost consequence; for, though, in the present circumstances of the country, a free trade was unattainable, yet their task hereafter was to approximate to it. Considering the prejudices and interests which were opposed to the recognition of that principle, it was no small indication of the firmness and liberality of government to have so fully conceded it."

Sir, we have seen, in the course of this discussion, that several gentlemen have expressed their high admiration of the silk manufacture of England. Its commendation was begun, I think, by the honorable member from Vermont, who sits near me, who thinks that that alone gives conclusive evidence of the benefits produced by attention to manufactures, inasmuch as it is a great source of wealth to the nation, and has amply repaid all the cost of its protection. Mr. Speaker's approbation of this part of the English example was still warmer. Now, sir, it does so happen that both these gentlemen

differ very widely on this point from the opinions entertained in England by persons of the first rank, both of knowledge and of power. In the debate to which I have already referred, the proposer of the motion urged the expediency of providing for the admission of the silks of France into England. "He was aware," he said, "that there was a poor and industrious body of manufacturers whose interests must suffer by such an arrangement, and therefore he felt that it would be the duty of parliament to provide for the present generation by a large parliamentary grant. It was conformable to every principle of sound justice to do so, when the interests of a particular class were sacrificed to the good of the whole." In answer to these observations, Lord Liverpool said that, with reference to several branches of manufactures, time and the change of circumstances had rendered the system of protecting duties merely nominal, and that, in his opinion, if all the protecting laws which regarded both the woollen and cotton manufactures were to be repealed no injurious effects would thereby be occasioned. "But," he observes, "with respect to silk, that manufacture in this kingdom is so completely artificial that any attempt to introduce the principles of free trade with reference to it might put an end to it altogether. I allow that the silk manufacture is not natural to this country. I wish we had never had a silk manufactory. I allow that it is natural to France; I allow that it might have been better had each country adhered exclusively to that manufacture in which each is superior, and had the silks of France been exchanged for British cottons. But I must look at things as they are; and when I consider the extent of capital, and the immense population, consisting, I believe, of about 50,000 persons engaged in our silk manufacture, I can only say that one of the few points in which I totally disagree with the proposer of the

motion is the expediency, under existing circumstances, of holding out any idea that it would be possible to relinquish the silk manufacture, and to provide for those who live by it by parliamentary enactment. Whatever objections there may be to the continuance of the protecting system, I repeat that it is impossible altogether to relinquish it. I may regret that the system was ever commenced; but as I cannot recall that act, I must submit to the inconvenience by which it is attended, rather than expose the country to evils of greater magnitude." Let it be remembered, sir, that these are not the sentiments of a theorist, nor the fancies of speculation, but the operative opinions of the first minister of England, acknowledged to be one of the ablest and most practical statesmen of his country. Sir, gentlemen could have hardly been more unfortunate than in the selection of the silk manufacture in England, as an example of the beneficial effects of that system which they would recommend. It is, in the language which I have quoted, completely artificial. It has been sustained by I know not how many laws, breaking in upon the plainest principles of general expediency. At the last session of Parliament the manufacturers petitioned for the repeal of three or four of these statutes, complaining of the vexatious restrictions which they impose on the wages of labor, setting forth that a great variety of orders has from time to time been issued by magistrates under the authority of these laws, interfering in an oppressive manner with the minutest details of the manufacture, such as limiting the number of threads to an inch, restricting the widths of many sorts of work, and determining the quantity of labor not to be exceeded without extra wages; that by the operation of these laws the rate of wages, instead of being left to the recognized principles of regulation, has been arbitrarily fixed by persons whose ignorance renders them incompetent to a



just decision ; that masters are compelled by law to pay an equal price for all work, whether well or ill performed ; and that they are totally prevented the use of improved machinery, it being ordered that work, in the weaving of which machinery is employed, shall be paid precisely at the same rate as if done by hand ; that these acts have frequently given rise to the most vexatious regulations, the unintentional breach of which has subjected manufacturers to ruinous penalties ; and that the introduction of all machinery being prevented, by which labor might be cheapened, and the manufacturers being compelled to pay at a fixed price, under all circumstances, they are prevented from affording employment to their workmen in times of stagnation of trade, but are compelled to stop their looms. And finally, they complain that, notwithstanding these grievances under which they labor, while carrying on their manufacture in London, the law still prohibits them, while they continue to reside there, from employing any portion of their capital in the same business in any other part of the kingdom where it might be more beneficially conducted. Now, sir, absurd as these laws must appear to be to every man, the attempt to repeal them did not, as far as I recollect, altogether succeed. The weavers were too numerous, their interests too great, or their prejudices too strong ; and this notable instance of protection and monopoly still exists, to be lamented in England with as much sincerity as it seems to be admired here.

In order further to show the prevailing sentiment of the English government, I would refer to a report of a select committee of the House of Commons, at the head of which was the vice-president of the board of trade (Mr. Wallace), in July, 1820. "The time," say that committee, "when monopolies could be successfully supported, or would be patiently endured, either in re-

spect to subjects against subjects, or particular countries against the rest of the world, seems to have passed away. Commerce, to continue undisturbed and secure, must be, as it was intended to be, a source of reciprocal amity between nations, and an interchange of productions, to promote the industry, the wealth, and the happiness of mankind." In moving for the reappointment of the committee, in February, 1823, the same gentleman said: "We must also get rid of that feeling of appropriation, which exhibited itself in a disposition to produce everything necessary for our own consumption, and to render ourselves independent of the world. No notion could be more absurd or mischievous; it led, even in peace, to an animosity and rancor greater than existed in time of war. Undoubtedly there would be great prejudices to combat, both in this country and elsewhere, in the attempt to remove the difficulties which are most obnoxious. It would be impossible to forget the attention which was in some respects due to the present system of protections, although that attention ought certainly not to be carried beyond the absolute necessity of the case." And in a second report of the committee, drawn by the same gentleman, in that part of it which proposes a diminution of duties on timber from the north of Europe, and the policy of giving a legislative preference to the importation of such timber in the log, and a discouragement of the importation of deals, it is stated that the committee reject this policy, because, among other reasons, "it is founded on a principle of exclusion, which they are most averse to see brought into operation, in any new instance, without the warrant of some evident and great political expediency." And on many subsequent occasions the same gentleman has taken occasion to observe that he differed from those who thought that manufactures could not flourish without restrictions on trade; that old preju-

dices of that sort were dying away, and that more liberal and just sentiments were taking their place.

These sentiments appear to have been followed by important legal provisions, calculated to remove restrictions and prohibitions where they were most severely felt; that is to say, in several branches of navigation and trade. They have relaxed their colonial system, they have opened the ports of their islands, and have done away the restriction which limited the trade of the colony to the mother country. Colonial products can now be carried directly from the islands to any part of Europe; and it may not be improbable, considering our own high duties on spirits, that that article may be exchanged hereafter by the English West India colonies, directly, for the timber and deals of the Baltic. It may be added that Mr. Lowe, whom the gentleman has cited, says that nobody supposes that the three great staples of English manufactures, cotton, woollen, and hardware, are benefited by any existing protecting duties, and that one object of all these protecting laws is usually overlooked, and that is, that they have been intended to reconcile the various interests to taxation, the corn law, for example, being designed as some equivalent to the agricultural interest for the burden of tithes and of poor rates.

In fine, sir, I think it is clear that if we now embrace the system of prohibitions and restrictions we shall show an affection for what others have discarded, and be attempting to ornament ourselves with cast-off apparel.

Sir, I should not have gone into this prolix detail of opinions from any consideration of their special importance on the present occasion, but, having happened to state that such was the actual opinion of the government of England at the present time, and the accuracy of this representation having been so confidently denied,

I have chosen to put the matter beyond doubt or cavil, although at the expense of these tedious citations. I shall have occasion hereafter of referring more particularly to sundry recent British enactments, by way of showing the diligence and spirit with which that government strives to sustain its navigating interest, by opening the widest possible range to the enterprise of individual adventurers. I repeat that I have not alluded to these examples of a foreign state as being fit to control our own policy. In the general principle I acquiesce. Protection, when carried to the point which is now recommended, that is, to entire prohibition, seems to me destructive of all commercial intercourse between nations. We are urged to adopt the system upon general principles; and what would be the consequence of the universal application of such a general principle, but that nations would abstain entirely from all intercourse with one another? I do not admit the general principle; on the contrary, I think freedom of trade to be the general principle, and restriction the exception. And it is for every state, taking into view its own condition, to judge of the propriety in any case of making an exception, constantly preferring, as I think all wise governments will, not to depart without urgent reason from the general rule.

There is another point in the existing policy of England to which I would most earnestly invite the attention of the Committee; I mean the warehouse system, or what we usually call the system of drawback. Very great prejudices appear to me to exist with us on that subject. We seem averse to the extension of the principle. The English government, on the contrary, appear to have carried it to the extreme of liberality. They have arrived, however, at their present opinions and present practice by slow degrees. The transit system was commenced about the year 1803, but the first law

was partial and limited. It admitted the importation of raw materials for exportation, but it excluded almost every sort of manufactured goods. This was done for the same reason that we propose to prevent the transit of Canadian wheat through the United States, — the fear of aiding the competition of the foreign article with our own, in foreign markets. Better reflection, or more experience, has induced them to abandon that mode of reasoning, and to consider all such means of influencing foreign markets as nugatory ; since, in the present active and enlightened state of the world, nations will supply themselves from the best sources, and the true policy of all producers, whether of raw materials or of manufactured articles, is, not vainly to endeavor to keep other venders out of the market, but to conquer them in it, by the quality and the cheapness of their articles. The present policy of England, therefore, is to allure the importation of commodities into England, there to be deposited in English warehouses, thence to be exported in assorted cargoes, and thus enabling her to carry on a general export trade to all quarters of the globe. Articles of all kinds, with the single exception of tea, may be brought into England from any part of the world, in foreign as well as British ships, there warehoused, and again exported, at the pleasure of the owner, without the payment of any duty or government charge whatever.

While I am upon this subject, I would take notice also of the recent proposition in the English Parliament to abolish the tax on imported wool ; and it is observable that those who support this proposition give the same reasons as have been offered here within the last week, against the duty which we propose on the same article. They say that their manufacturers require a cheap and coarse wool, for the supply of the Mediterranean and Levant trade, and that, without a more free admission

of the wool of the continent, that trade will all fall into the hands of the Germans and Italians, who will carry it on through Leghorn and Trieste. While there is this duty on foreign wool to protect the wool growers of England, there is on the other hand a prohibition on the exportation of the native article in aid of the manufacturers. The opinion seems to be gaining strength, that the true policy is to abolish both.

Laws have long existed in England, preventing the emigration of artisans and the exportation of machinery ; but the policy of these, also, has become doubted, and an inquiry has been instituted in Parliament into the expediency of repealing them. As to the emigration of artisans, say those who disapprove the laws, if that were desirable, no law could effect it ; and as to the exportation of machinery, let us fabricate and export it, as we would any other commodity. If France is determined to spin and weave her own cotton, let us, if we may, still have the benefit of furnishing the machinery.

I have stated these things, sir, to show what seems to be the general tone of thinking and reasoning on these subjects in that country, the example of which has been so much pressed upon us. Whether the present policy of England be right or wrong, wise or unwise, it cannot, as it seems clearly to me, be quoted as an authority for carrying further the restrictive and exclusive system, either in regard to manufactures or trade. To reëstablish a sound currency, to meet at once the shock, tremendous as it was, of the fall of prices, to enlarge her capacity for foreign trade, to open wide the field of individual enterprise and competition, and to say, plainly and distinctly, that the country must relieve itself from the embarrassments which it felt, by economy, frugality, and renewed efforts of enterprise ; these appear to be the general outline of the policy which England has pursued.

Mr. Chairman, I will now proceed to say a few words upon a topic, but for the introduction of which into this debate, I should not have given the Committee, on this occasion, the trouble of hearing me. Some days ago — I believe it was when we were settling the controversy between the oil merchants and the tallow-chandlers — the *balance of trade* made its appearance in debate, and I must confess, sir, that I spoke of it, or rather spoke to it, somewhat freely and irreverently. I believe I used the hard names which have been imputed to me; and I did it simply for the purpose of laying the spectre and driving it back to its tomb. Certainly, sir, when I called the old notion on this subject nonsense, I did not suppose that I should offend any one, unless the dead should happen to hear me. All the living generation, I took it for granted, would think the term very properly applied. In this, however, I was mistaken. The dead and the living rise up together to call me to account, and I must defend myself as well as I am able.

Let us inquire, then, sir, what is meant by an unfavorable balance of trade, and what the argument is, drawn from that source. By an unfavorable balance of trade, I understand, is meant that state of things in which importation exceeds exportation. To apply it to our own case, if the value of goods imported exceed the value of those exported, then the balance of trade is said to be against us, inasmuch as we have run in debt to the amount of this difference. Therefore it is said that if a nation continue long in a commerce like this, it must be rendered absolutely bankrupt. It is in the condition of a man that buys more than he sells; and how can such a traffic be maintained without ruin? Now, sir, the whole fallacy of this argument consists in supposing that, whenever the value of imports exceeds that of exports, a debt is necessarily created to the extent of

the difference ; whereas, ordinarily, the import is no more than the result of the export, augmented in value by the labor of transportation. The excess of imports over exports, in truth, usually shows the gains, not the losses, of trade ; or, in a country that not only buys and sells goods, but employs ships in carrying goods also, it shows the profits of commerce and the earnings of navigation. Nothing is more certain than that in the usual course of things, and taking a series of years together, the value of our imports is the aggregate of our exports and our freights. If the value of commodities imported in a given case did not exceed the value of the outward cargo, with which they were purchased, then it would be clear to every man's common sense that the voyage had not been profitable. If such commodities fell far short in value of the cost of the outward cargo, then the voyage would be a very losing one ; and yet it would present exactly that state of things which, according to the notion of a balance of trade, can alone indicate a prosperous commerce. On the other hand, if the return cargo were found to be worth much more than the outward cargo, while the merchant, having paid for the goods exported, and all the expenses of the voyage, finds a handsome sum yet in his hands which he calls profits, the balance of trade is still against him, and, whatever he may think of it, he is in a very bad way. Although one individual or all individuals gain, the nation loses ; while all its citizens grow rich, the country grows poor. This is the doctrine of the balance of trade. Allow me, sir, to give an instance tending to show how unaccountably individuals deceive themselves and imagine themselves to be somewhat rapidly mending their condition, while they ought to be persuaded that, by that infallible standard, the balance of trade, they are on the high road to ruin. Some years ago, in better times than the present, a ship left one of the



towns of New England with 70,000 specie dollars. She proceeded to Mocha, on the Red Sea, and there laid out these dollars in coffee, drugs, spices, and other articles procured in that market. With this new cargo she proceeded to Europe; two thirds of it were sold in Holland for \$130,000, which the ship brought back and placed in the same bank from the vaults of which she had taken her original outfit. The other third was sent to the ports of the Mediterranean, and produced a return of \$25,000 in specie and \$15,000 in Italian merchandise. These sums together make \$170,000 imported, which is \$100,000 more than was exported, and is therefore proof of an unfavorable balance of trade, to that amount, in this adventure. We should find no great difficulty, sir, in paying off our balances if this were the nature of them all.

The truth is, Mr. Chairman, that all these obsolete and exploded notions had their origin in very mistaken ideas of the true nature of commerce. Commerce is not a gambling among nations for a stake, to be won by some and lost by others. It has not the tendency necessarily to impoverish one of the parties to it, while it enriches the other; all parties gain, all parties make profits, all parties grow rich, by the operations of just and liberal commerce. If the world had but one clime and but one soil; if all men had the same wants and the same means on the spot of their existence to gratify those wants, — then, indeed, what one obtained from the other by exchange would injure one party in the same degree that it benefited the other; then, indeed, there would be some foundation for the balance of trade. But Providence has disposed our lot much more kindly. We inhabit a various earth. We have reciprocal wants, and reciprocal means for gratifying one another's wants. This is the true origin of commerce, which is nothing more than an exchange of

equivalents, and from the rude barter of its primitive state to the refined and complex condition in which we see it, its principle is uniformly the same; its only object being, in every stage, to produce that exchange of commodities between individuals and between nations which shall conduce to the advantage and to the happiness of both. Commerce between nations has the same essential character as commerce between individuals, or between parts of the same nation. Cannot two individuals make an interchange of commodities which shall prove beneficial to both, or in which the balance of trade shall be in favor of both? If not, the tailor and the shoemaker, the farmer and the smith have hitherto very much misunderstood their own interest. And with regard to the internal trade of a country, in which the same rule would apply as between nations, do we ever speak of such an intercourse being prejudicial to one side because it is useful to the other? Do we ever hear that, because the intercourse between New York and Albany is advantageous to one of those places, it must therefore be ruinous to the other?

May I be allowed, sir, to read a passage on this subject from the observations of a gentleman, in my opinion one of the most clear and sensible writers and speakers of the age upon subjects of this sort? <sup>1</sup> "There is no political question on which the prevalence of false principles is so general as in what relates to the nature of commerce and to the pretended balance of trade; and there are few which have led to a greater number of practical mistakes, attended with consequences extensively prejudicial to the happiness of mankind. In this country our parliamentary proceedings, our public documents, and the works of several able and popular writers have combined to propagate the impression that we are indebted for much of our riches to what is called

<sup>1</sup> Mr. Huskisson, President of the English Board of Trade.

the balance of trade." "Our true policy would surely be to profess, as the object and guide of our commercial system, that which every man who has studied the subject must know to be the true principle of commerce, — the interchange of reciprocal and equivalent benefit. We may rest assured that it is not in the nature of commerce to enrich one party at the expense of the other. This is a purpose at which, if it were practicable, we ought not to aim; and which, if we aimed at, we could not accomplish." These remarks, I believe, sir, were written some ten or twelve years ago. They are in perfect accordance with the opinions advanced in more elaborate treatises, and now that the world has returned to a state of peace, and commerce has resumed its natural channels, and different nations are enjoying, or seeking to enjoy, their respective portions of it, all see the justness of these ideas; all see that, in this day of knowledge and of peace, there can be no commerce between nations but that which shall benefit all who are parties to it.

If it were necessary, Mr. Chairman, I might ask the attention of the Committee to recur to a document before us on this subject of the balance of trade. It will be seen by reference to the accounts that, in the course of the last year, our total export to Holland exceeded \$2,500,000; our total import from the same country was but \$700,000. Now can any man be wild enough to make any inference from this of the gain or loss of our trade with Holland for that year? Our trade with Russia for the same year produced a balance the other way; our import being \$2,000,000, and our export but \$500,000. But this has no more tendency to show the Russian trade a losing trade, than the other statement has to show that the Dutch trade has been a gainful one. Neither of them, by itself, proves anything.

Springing out of this notion of a balance of trade,

there has been another idea, which has been much dwelt upon in the course of this debate ; that is, that we ought not to buy of nations who do not buy of us ; for example, that the Russian trade is a trade disadvantageous to the country, and ought to be discouraged, because in the ports of Russia we buy more than we sell. Now allow me to observe, in the first place, sir, that we have no account showing how much we do sell in the ports of Russia. Our official returns show us only what is the amount of our direct exports to her ports. But then we all know that the proceeds of other of our exports go to the same market, though indirectly. We send our own products, for example, to Cuba, or to Brazil ; we there exchange them for the sugar and the coffee of those countries, and these articles we carry to St. Petersburg, and there sell them. Again : our exports to Holland and Hamburg are connected directly or indirectly with our imports from Russia. What difference does it make, in sense or reason, whether a cargo of iron be bought at St. Petersburg by the exchange of a cargo of tobacco, or whether the tobacco has been sold on the way, in a better market, in a port of Holland, the money remitted to England, and the iron paid for by a bill on London ? There might indeed have been an augmented freight, there might have been some saving of commissions, if tobacco had been in brisk demand in the Russian market. But still there is nothing to show that the whole voyage may not have been highly profitable. That depends upon the original cost of the article here, the amount of freight and insurance to Holland, the price obtained there, the rate of exchange between Holland and England, the expense, then, of proceeding to St. Petersburg, the price of iron there, the rate of exchange between that place and England, the amount of freight and insurance home, and finally, the value of the iron, when brought to our own

market. These are the calculations which determine the fortune of the adventure ; and nothing can be judged of it, one way or the other, by the relative state of our imports or exports with Holland, England, or Russia.

I would not be understood to deny that it may often be our interest to cultivate a trade with countries that most require such commodities as we can furnish, and which are capable also of directly supplying our own wants. This is the simplest and most original form of all commerce, and is, no doubt, highly beneficial. And some countries are so situated, doubtless, that commerce, in this original form, or something near it, may be all that they can, without considerable inconvenience, carry on. Our trade, for example, with Madeira and the Western Islands, has been useful to the country as furnishing a demand for some portion of our agricultural products, which probably could not have been bought had we not received their products in return. Countries situated still farther from the great marts and highways of the commercial world may afford still stronger instances of the necessity and utility of conducting commerce on the original principle of barter, without much assistance from the operations of credit and exchange. All I would be understood to say is, that it by no means follows that that must be a losing trade with any country, from which we receive more of her products than she receives of ours. And since I was supposed the other day, in speaking upon this subject, to have advanced opinions which not only this country ought to reject, but which also other countries, and those the most distinguished for skill and success in commercial intercourse, do reject, I will ask leave to refer again to the discussion in the English Parliament, which I first mentioned, relative to the foreign trade of that country. "With regard," says the mover<sup>1</sup> of the proposition, "to

<sup>1</sup> The Marquis of Lansdowne.

the argument employed against renewing our intercourse with the north of Europe, namely, that those who supplied us with timber from that quarter would not receive British manufactures in return, it appeared to him futile and ungrounded. If they did not send direct for our manufactures at home, they would send for them to Leipsic and other fairs of Germany. Were not the Russian and Polish merchants purchasers there to a great amount? But he would never admit the principle, that a trade was not profitable because we were obliged to carry it on with the precious metals, or that we ought to renounce it because our manufactures were not received by the foreign nation in return for its produce. Whatever we received must be paid for in the produce of our land and labor, directly or circuitously, and he was glad to have the noble Earl's<sup>1</sup> marked concurrence in this principle."

Referring ourselves again, sir, to the analogies of common life, no one would say that a farmer or a mechanic should buy only where he can do so by the exchange of his own produce, or of his own manufacture. Such exchange may be often convenient; and, on the other hand, the cash purchase may be often more convenient. It is the same in the intercourse of nations. Indeed, Mr. Speaker has placed this argument on very clear grounds. It has been said, in the early part of the debate, that if we cease to import English cotton fabrics, England would no longer continue to purchase our cotton. To this, Mr. Speaker has replied, with great force and justice, that, as she must have cotton in large quantities, she will buy the article where she can find it best and cheapest; and that it would be quite ridiculous in her, manufacturing as she still would be, for her own vast consumption, and the consumption of millions in other countries, to reject our uplands be-

<sup>1</sup> Lord Liverpool.

cause we had learned to manufacture a part of them for ourselves. And would it not be equally ridiculous in us, if the commodities of Russia were both cheaper and better suited to our wants than could be found elsewhere, to abstain from commerce with her because she will not receive in return other commodities which we have to sell, but which she has no occasion to buy?

Intimately connected, sir, with this topic, is another, which has been brought into the debate; I mean, the evil so much complained of, — the exportation of specie. We hear gentlemen imputing the loss of market at home to a want of money, and this want of money to the exportation of the precious metals. We hear the India and China trade denounced as a commerce conducted on our side, in a great measure, with gold and silver. These opinions, sir, are clearly void of all just foundation, and we cannot too soon get rid of them. There are no shallower reasoners than those political and commercial writers who would represent it to be the only true and gainful end of commerce to accumulate the precious metals. These are articles of use, and articles of merchandise, with this additional circumstance belonging to them, that they are made, by the general consent of nations, the standard by which the value of all other merchandise is to be estimated. In regard to weights and measures, something drawn from external nature is made a common standard, for the purposes of general convenience; and this is precisely the office performed by the precious metals, in addition to those uses to which, as metals, they are capable of being applied. There may be of these too much or too little in a country at a particular time, as there may be of any other articles. When the market is overstocked with them, as it often is, their exportation becomes as proper and as useful as that of other commodities under similar circumstances. We need no more repine, when

the dollars which have been brought here from South America are despatched to other countries, than when coffee and sugar take the same direction. We often deceive ourselves by attributing to a scarcity of money that which is the result of other causes. In the course of this debate, the honorable member from Pennsylvania has represented the country as full of everything but money. But this I take to be a mistake. The agricultural products so abundant in Pennsylvania will not, he says, sell for money; but they will sell for money as quick as for any other article which happens to be in demand. They will sell for money, for example, as easily as for coffee, or for tea, at the prices which properly belong to those articles. The mistake lies in imputing that to want of money which arises from want of demand. Men do not buy wheat because they have money, but because they want wheat. To decide whether money be plenty or not, that is, whether there be a large portion of capital unemployed or not, when the currency of a country is metallic, we must look, not only to the prices of commodities, but also to the rate of interest. A low rate of interest, a facility of obtaining money on loans, a disposition to invest in permanent stocks, all of which are proofs that money is plenty, may nevertheless often denote a state not of the highest prosperity. They may, and often do, show a want of employment for capital; and the accumulation of specie shows the same thing. We have no occasion for the precious metals as money, except for the purposes of circulation, or rather of sustaining a safe paper circulation. And whenever there be a prospect of a profitable investment abroad, all the gold and silver, except what these purposes require, will be exported. For the same reason, if a demand exist abroad for sugar and coffee, whatever amount of those articles might exist in the country beyond the wants of its own consumption would be sent abroad to meet that demand.



Besides, sir, how should it ever occur to anybody that we should continue to export gold and silver, if we did not continue to import them also? If a vessel take our own products to the Havana, or elsewhere, exchange them for dollars, proceed to China, exchange them for silks and teas, bring these last to the ports of the Mediterranean, sell them there for dollars, and return to the United States; this would be a voyage resulting in the importation of the precious metals. But if she had returned from Cuba, and the dollars obtained there had been shipped direct from the United States to China, the China goods sold in Holland, and the proceeds brought home in the hemp and iron of Russia, this would be a voyage in which they were exported. Yet everybody sees that both might be equally beneficial to the individuals and to the public. I believe, sir, that in point of fact, we have enjoyed great benefit in our trade with India and China from the liberty of going from place to place all over the world, without being obliged in the meantime to return home, a liberty not heretofore enjoyed by the private traders of England in regard to India and China. Suppose the American ship to be at Brazil, for example; she could proceed with her dollars direct to India, and in return could distribute her cargo in all the various ports of Europe or America; while an English ship, if a private trader, being at Brazil, must first return to England, and then could only proceed in the direct line from England to India. This advantage our countrymen have not been backward to improve; and in the debate to which I have already so often referred, it was stated, not without some complaint of the inconvenience of exclusion, and the natural sluggishness of monopoly, that American ships were at that moment fitting out in the Thames, to supply France, Holland, and other countries on the continent with tea; while the East India Company would

not do this of themselves, nor allow any of their fellow countrymen to do it for them.

There is yet another subject, Mr. Chairman, upon which I would wish to say something, if I might presume upon the continued patience of the Committee. We hear, sometimes, in the House, and continually out of it, of the rate of exchange, as being one proof that we are on the downward road to ruin. Mr. Speaker himself has adverted to that topic, and I am afraid that his authority may give credit to opinions clearly unfounded, and which lead to very false and erroneous conclusions. Sir, let us see what the facts are. Exchange on England has recently risen 1% or 1½%, partly owing, perhaps, to the introduction of this bill into Congress. Before this recent rise, and for the last six months, I understand its average may have been about 7½% advance. Now, supposing this to be the real, and not merely, as it is, the nominal par of exchange, between us and England, what would it prove? Nothing, except that funds were wanted in England for commercial operations, to be carried on either in England or elsewhere. It would not necessarily show that we were indebted to England, for, if we had occasion to pay debts in Russia or Holland, funds in England would naturally enough be required for such a purpose. And even if it did prove that a balance was due England at the moment, it would have no tendency to explain to us whether our commerce with England had been profitable or unprofitable.

But it is not true, in point of fact, that the real price of exchange is 7½% advance, nor, indeed, that there is at the present moment any advance at all. That is to say, it is not true that merchants will give such an advance, or any advance, for money in England, more than they would give for the same amount, in the same currency, here. It will strike every one who reflects

upon it, that, if there were a real difference of  $7\frac{1}{2}\%$ , money would be immediately shipped to England; because the expense of transportation would be far less than that difference. Or commodities of trade would be shipped to Europe and the proceeds remitted to England. If it could so happen, that American merchants should be willing to pay 10% premium for money in England, or, in other words, that a real difference to that amount, in the exchange, should exist, its effects would be immediately seen in new shipments of our own commodities to Europe, because this state of things would create new motives. A cargo of tobacco, for example, might sell at Amsterdam for the same price as before; but if its proceeds when remitted to London were advanced, as they would be in such case, ten per cent by the state of exchange, this would be so much added to the price, and would operate, therefore, as a motive for the exportation; and in this way, national balances are, and always will be, adjusted.

To form any accurate idea of the true state of exchange between two countries, we must look at their currencies, and compare the quantities of gold and silver which they may respectively represent. This usually explains the state of the exchanges; and this will satisfactorily account for the apparent advance now existing on bills drawn on England. The English standard of value is gold; with us, that office is performed by gold, and by silver also, at a fixed relation to each other. But our estimate of silver is rather higher, in proportion to gold, than most nations give it; it is higher, especially, than in England, at the present moment. The consequence is, that silver, which remains a legal currency with us, stays here, while the gold has gone abroad; verifying the universal truth, that, if two currencies be allowed to exist, of different values, that which is cheapest will fill up the whole circulation.

For as much gold as will suffice to pay here a debt of a given amount, we can buy in England more silver than would be necessary to pay the same debt here; and from this difference in the value of silver arises wholly, or in a great measure, the present apparent difference in exchange. Spanish dollars sell now, in England, for 4*s.* 9*d.* *stg.* per ounce; equal to \$1.06. By our standard, the same ounce is worth \$1.16; being a difference of about 9%. The true par of exchange, therefore, is 9%. If a merchant here pay 100 Spanish dollars for a bill on England, at nominal par, in sterling money, that is, for a bill of £22 10*s.*, the proceeds of this bill, when paid in England, in the legal currency, will there purchase, at the present price of silver, 109 Spanish dollars. Therefore, if the nominal advance on English bills do not exceed 9%, the real exchange is not against this country; in other words, it does not show that there is any pressing or particular occasion for the remittance of funds to England.

As little can be inferred from the occasional transfer of United States stock to England. Considering the interest paid on our stocks, the entire stability of our credit, and the accumulation of capital in England, it is not at all wonderful that investments should occasionally be made in our funds. As a sort of countervailing fact, it may be stated that English stocks are now actually holden in this country, though probably not to any considerable amount.

I will now proceed, sir, to state some objections which I feel, of a more general nature, to the course of Mr. Speaker's observations.

He seems to me to argue the question as if all domestic industry were confined to the production of manufactured articles; as if the employment of our own capital, and our own labor, in the occupations of commerce and navigation, were not as emphatically

domestic industry as any other occupation. Some other gentlemen, in the course of the debate, have spoken of the price paid for every foreign manufactured article as so much given for the encouragement of foreign labor, to the prejudice of our own. But is not every such article the product of our own labor as truly as if we had manufactured it ourselves? Our labor has earned it, and paid the price for it. It is so much added to the stock of national wealth. If the commodity were dollars, nobody would doubt the truth of this remark; and it is precisely as correct in its application to any other commodity as to silver. One man makes a yard of cloth at home; another raises agricultural products, and buys a yard of imported cloth. Both these are equally the earnings of domestic industry, and the only questions that arise in the case are two: the first is, which is the best mode, under all the circumstances, of obtaining the article; the second is, how far this question is proper to be decided by government, and how far it is proper to be left to individual discretion. There is no foundation for the distinction which attributes to certain employments the peculiar appellation of American industry; and it is, in my judgment, extremely unwise to attempt such discriminations.

We are asked, what nations have ever attained eminent prosperity without encouraging manufactures? I may ask, what nation ever reached the like prosperity without promoting foreign trade? I regard these interests as closely connected, and am of opinion that it should be our aim to cause them to flourish together. I know it would be very easy to promote manufactures, at least for a time, but probably only for a short time, if we might act in disregard of other interests. We could cause a sudden transfer of capital, and a violent change in the pursuits of men. We could exceedingly benefit some classes by these means. But what, then,

becomes of the interests of others? The power of collecting revenue by duties on imports, and the habit of the government of collecting almost its whole revenue in that mode, will enable us, without exceeding the bounds of moderation, to give great advantages to those classes of manufactures which we may think most useful to promote at home. What I object to is the immoderate use of the power, — exclusions and prohibitions; all of which, as I think, not only interrupt the pursuits of individuals, with great injury to themselves, and little or no benefit to the country, but also often divert our own labor, or, as it may very properly be called, our own domestic industry, from those occupations in which it is well employed and well paid, to others in which it will be worse employed and worse paid. For my part, I see very little relief to those who are likely to be deprived of their employments, or who find the prices of the commodities which they need, raised, in any of the alternatives which Mr. Speaker has presented. It is nothing to say that they may, if they choose, continue to buy the foreign article; the answer is, the price is augmented: nor that they may use the domestic article; the price of that also is increased. Nor can they supply themselves by the substitution of their own fabric. How can the agriculturist make his own iron? How can the shipowner grow his own hemp?

But I have a yet stronger objection to the course of Mr. Speaker's reasoning; which is, that he leaves out of the case all that has been already done for the protection of manufactures, and argues the question as if those interests were now, for the first time, to receive aid from duties on imports. I can hardly express the surprise I feel that Mr. Speaker should fall into the common modes of expression used elsewhere, and ask if we will give our manufacturers no protection. Sir, look to the history of our laws; look to the present

state of our laws. Consider that our whole revenue, with a trifling exception, is collected at the custom-house, and always has been; and then say what propriety there is in calling on the government for protection, as if no protection had heretofore been afforded. The real question before us, in regard to all the important clauses of the bill, is not whether we will lay duties, but whether we will augment duties. The demand is for something more than exists, and yet it is pressed as if nothing existed. It is wholly forgotten that iron and hemp, for example, already pay a very heavy and burdensome duty; and, in short, from the general tenor of Mr. Speaker's observations, one would infer that, hitherto, we had rather taxed our own manufactures than fostered them by taxes on those of other countries. We hear of the fatal policy of the tariff of 1816; and yet the law of 1816 was passed avowedly for the benefit of manufacturers, and, with very few exceptions, imposed on imported articles very great additions of tax; in some important instances, indeed, amounting to a prohibition.

Sir, on this subject it becomes us at least to understand the real posture of the question. Let us not suppose that we are beginning the protection of manufactures, by duties on imports. What we are asked to do is, to render those duties much higher, and therefore, instead of dealing in general commendations of the benefits of protection, the friends of the bill, I think, are bound to make out a fair case for each of the manufactures which they propose to benefit. The government has already done much for their protection, and it ought to be presumed to have done enough, unless it be shown, by the facts and considerations applicable to each, that there is a necessity for doing more.

On the general question, sir, allow me to ask if the doctrine of prohibition, as a general doctrine, be not

preposterous? Suppose all nations to act upon it; they would be prosperous, then, according to the argument, precisely in the proportion in which they abolished intercourse with one another. The less of mutual commerce the better, upon this hypothesis. Protection and encouragement may be, and are, doubtless, sometimes, wise and beneficial, if kept within proper limits; but, when carried to an extravagant height, or the point of prohibition, the absurd character of the system manifests itself. Mr. Speaker has referred to the late Emperor Napoleon, as having attempted to naturalize the manufacture of cotton in France. He did not cite a more extravagant part of the projects of that ruler, that is, his attempt to naturalize the growth of that plant itself in France; whereas, we have understood that considerable districts in the south of France, and in Italy, of rich and productive lands, were at one time withdrawn from profitable uses, and devoted to raising, at great expense, a little bad cotton. Nor have we been referred to the attempts, under the same system, to make sugar and coffee from common culinary vegetables; attempts which served to fill the print shops of Europe, and to show us how easy is the transition from what some think sublime, to that which all admit to be ridiculous. The folly of some of these projects has not been surpassed, nor hardly equaled, unless it be by the philosopher in one of the satires of Swift, who so long labored to extract sunbeams from cucumbers.

The poverty and unhappiness of Spain have been attributed to the want of protection to her own industry. If by this it be meant that the poverty of Spain is owing to bad government and bad laws, the remark is, in a great measure, just. But these very laws are bad because they are restrictive, partial, and prohibitory. If prohibition were protection, Spain would seem to have had enough of it. Nothing can exceed the bar-



barous rigidity of her colonial system, or the folly of her early commercial regulations. Unenlightened and bigoted legislation, the multitude of holidays, miserable roads, monopolies on the part of government, restrictive laws, that ought long since to have been abrogated, are generally, and I believe truly, reckoned the principal causes of the bad state of the productive industry of Spain. Any partial improvement in her condition, or increase of her prosperity, has been, in all cases, the result of relaxation, and the abolition of what was intended for favor and protection.

In short, sir, the general sense of this age sets, with a strong current, in favor of freedom of commercial intercourse, and unrestrained individual action. Men yield up their notions of monopoly and restriction, as they yield up other prejudices, slowly and reluctantly; but they cannot withstand the general tide of opinion.

Let me now ask, sir, what relief this bill proposes to some of those great and essential interests of the country, the condition of which has been referred to as proof of national distress; and which condition, although I do not think it makes out a case of distress, yet does indicate depression.

And first, sir, as to our foreign trade. Mr. Speaker has stated that there has been a considerable falling off in the tonnage employed in that trade. This is true, lamentably true. In my opinion, it is one of those occurrences which ought to arrest our immediate, our deep, our most earnest attention. What does this bill propose for its relief? Sir, it proposes nothing but new burdens. It proposes to diminish its employment, and it proposes, at the same time, to augment its expense, by subjecting it to heavier taxation. Sir, there is no interest in regard to which a stronger case for protection can be made out than the navigating interest. Whether we look at its present condition, which is

admitted to be depressed ; the number of persons connected with it, and dependent upon it for their daily bread ; or its importance to the country in a political point of view, it has claims upon our attention which cannot be exceeded. But what do we propose to do for it ? I repeat, sir, simply to burden and to tax it. By a statement which I have already submitted to the Committee, it appears that the shipping interest pays, annually, more than half a million dollars in duties on articles used in the construction of ships. We propose to add nearly, or quite, fifty per cent to this amount, at the very moment that we bring forth the languishing state of this interest as a proof of national distress. Let it be remembered that our shipping employed in foreign commerce has, at this moment, not the shadow of government protection. It goes abroad upon the wide sea to make its own way, and earn its own bread, in a professed competition with the whole world. Its resources are its own frugality, its own skill, its own enterprise. It hopes to succeed, if it shall succeed at all, not by extraordinary aid of government, but by patience, vigilance, and toil. This right arm of the nation's safety strengthens its own muscle by its own efforts, and by unwearied exertion in its own defense becomes strong for the defense of the country.

No one acquainted with this interest can deny that its situation at this moment is extremely critical. We have left it hitherto to maintain itself or perish, to swim if it can, and to sink if it cannot. But at this moment of its apparent struggle can we, as men, can we, as patriots, add another stone to the weight that threatens to carry it down ? Sir, there is a limit to human power and to human effort. I know the commercial marine of this country can do almost everything, and bear almost everything. Yet some things are impossible to be done, and some burdens may be

impossible to be borne; and as it was the last ounce that broke the back of the camel, so the last tax, although it were even a small one, may be decisive as to the power of our marine to sustain the conflict in which it is now engaged with all the commercial nations on the globe.

Again, Mr. Chairman, the failures and the bankruptcies which have taken place in our large cities have been mentioned as proving the little success attending commerce, and its general decline. But this bill has no balm for those wounds. It is very remarkable that, when losses and disasters of certain manufacturers — those of iron, for instance — are mentioned, it is done for the purpose of invoking aid for the distressed. Not so with the losses and disasters of commerce; these last are narrated, and not unfrequently much exaggerated, to prove the ruinous nature of the employment, and to show that it ought to be abandoned, and the capital engaged in it turned to other objects.

It has been often said, sir, that our manufactures have to contend, not only against the natural advantages of those who produce similar articles in foreign countries, but also against the action of foreign governments, who have great political interest in aiding their own manufactures to suppress ours. But have not these governments as great an interest to cripple our marine, by preventing the growth of our commerce and navigation? What is it that makes us the object of the highest respect, or the most suspicious jealousy, to foreign states? What is it that most enables us to take high relative rank among the nations? I need not say that this results, more than from anything else, from that quantity of military power which we can cause to be water borne, and of that extent of commerce which we are able to maintain throughout the world.

Mr. Chairman, I am conscious of having detained the

Committee much too long with these observations. My apology for now proceeding to some remarks upon the particular clauses of the bill is that, representing a district at once commercial and highly manufacturing, and being called upon to vote upon a bill containing provisions so numerous and so various, I am naturally desirous to state as well what I approve as what I would reject.

The first section proposes an augmented duty upon woollen manufactures. This, if it were unqualified, would no doubt be desirable to those who are engaged in that business. I have myself presented a petition from the woollen manufacturers of Massachusetts, praying an augmented *ad valorem* duty upon imported woollen cloths, and I am prepared to accede to that proposition to a reasonable extent. But then this bill proposes, also, a very high duty upon imported wool; and, as far as I can learn, a majority of the manufacturers are at least extremely doubtful whether, taking these two provisions together, the state of the law is not better for them now than it would be if this bill should pass. It is said this tax on raw wool will benefit the agriculturist; but I know it to be the opinion of some of the best informed of that class that it will do them more hurt than good. They fear it will check the manufacturer, and consequently check his demand for their article. The argument is, that a certain quantity of coarse wool, cheaper than we can possibly furnish, is necessary to enable the manufacturer to carry on the general business, and that if this cannot be had the consequence will be not a greater, but a less, manufacture of our own wool. I am aware that very intelligent persons differ upon this point; but, if we may safely infer from that difference of opinion that the proposed benefit is at least doubtful, it would be prudent perhaps to abstain from the experiment. Certain it is that the same course of reasoning has occurred, as I have before

stated, on the same subject, when a renewed application was made to the English Parliament to repeal the duty on imported wool, I believe scarcely two months ago; those who support the application pressing urgently the necessity of an unrestricted use of the cheap, imported raw material, with a view to supply with coarse cloths the markets of warm climates, such as those of Egypt and Turkey, and especially a vast new created demand in the South American states.

As to the manufactures of cotton, it is agreed, I believe, that they are generally successful. It is understood that the present existing duty operates pretty much as a prohibition over those descriptions of fabrics to which it applies. The proposed alteration would probably enable the American manufacturer to commence competition with higher-priced fabrics; and so would, perhaps, an augmentation less than is here proposed. I consider the cotton manufactures not only to have reached, but to have passed, the point of competition. I regard their success as certain, and their growth as rapid as the most impatient could well expect. If, however, a provision of the nature of that recommended here were thought necessary to commence new operations in the same line of manufacture, I should cheerfully agree to it, if it were not at the cost of sacrificing other great interests of the country. I need hardly say that whatever promotes the cotton and woollen manufactures promotes most important interests of my constituents. They have a great stake in the success of those establishments, and as far as those manufactures are concerned, would be as much benefited by the provisions of this bill as any part of the community. It is obvious, too, I should think, that for some considerable time manufactures of this sort, to whatever magnitude they may rise, will be principally established in those parts of the country where population is most dense,

capital most abundant, and where the most successful beginnings have been already made.

But if these be thought to be advantages, they are greatly counterbalanced by other advantages enjoyed by other portions of the country. I cannot but regard the situation of the West as highly favorable to human happiness. It offers, in the abundance of its new and fertile lands, such assurances of permanent property and respectability to the industrious, it enables them to lay such sure foundations for a competent provision for their families, it makes such a nation of freeholders, that it need not envy the happiest and most prosperous of the manufacturing communities. We may talk as we will of well-fed and well-clothed day-laborers or journeymen; they are not, after all, to be compared, either for happiness or respectability, with him who sleeps under his own roof and cultivates his own fee-simple inheritance.

With respect to the proposed duty on glass I would observe that, upon the best means of judging which I possess, I am of opinion that the chairman of the committee is right in stating that there is in effect a bounty upon the exportation of the British article. I think it entirely proper, therefore, to raise our own duty by such an amount as shall be equivalent to that bounty.

And here, Mr. Chairman, before proceeding to those parts of the bill to which I most strenuously object, I will be so presumptuous as to take up a challenge which Mr. Speaker has thrown down. He has asked us, in a tone of interrogatory indicative of the feeling of anticipated triumph, to mention any country in which manufactures have flourished without the aid of prohibitory laws. He has demanded if it be not policy, protection, ay, and prohibition, that have carried other states to the height of their prosperity, and whether any one has

succeeded with such tame and inert legislation as ours. Sir, I am ready to answer this inquiry.

There is a country not undistinguished among the nations, in which the progress of manufactures has been far more rapid than in any other, and yet unaided by prohibitions or unnatural restrictions. That country, the happiest which the sun shines on, is our own.

The woollen manufactures of England have existed from the early ages of the monarchy. Provisions, designed to aid and foster them, are in the blackletter statutes of the Edwards and the Henrys. Ours, on the contrary, are but of yesterday; and yet, with no more than the protection of existing laws, they are already at the point of close and promising competition. Sir, nothing is more unphilosophical than to refer us, on these subjects, to the policy adopted by other nations in a very different state of society, or to infer that what was judged expedient by them, in their early history, must also be expedient for us in this early part of our own. This would be reckoning our age chronologically, and estimating our advance by our number of years, when, in truth, we should regard only the state of society, the knowledge, the skill, the capital, the enterprise, which belong to our times. We have been transferred from the stock of Europe, in a comparatively enlightened age, and our civilization and improvement date back as early as her own. Her original history is also our original history; and if, since the moment of separation, she has gone ahead of us in some respects, it may be said, without violating truth, that we have kept up in others, and in others again are ahead ourselves. We are to legislate, then, with regard to the present actual state of society; and our own experience shows us that commencing manufactures at the present highly enlightened and emulous moment, we need not imitate the clumsy helps with which, in less auspicious

times, governments have sought to enable the ingenuity and industry of their people to hobble along.

The English cotton manufactures began about the commencement of the last reign. Ours can hardly be said to have commenced, with any earnestness, until the application of the power loom, in 1814, not more than ten years ago. Now, sir, I hardly need again speak of its progress, its present extent, or its assurance of future enlargement. In some sorts of fabrics we are already exporters, and the products of our factories are at this moment in the South American markets. We see, then, what can be done without prohibition or extraordinary protection, because we see what has been done; and I venture to predict that in a few years it will be thought wonderful that these branches of manufactures at least should have been thought to require additional aid from government.

Mr. Chairman, the best apology for laws of prohibition and laws of monopoly will be found in that state of society, not only unenlightened but sluggish, in which they are most generally established. Private industry in those days required strong provocatives, which governments were seeking to administer by these means. Something was wanted to actuate and stimulate men, and the prospects of such profits as would, in our times, excite unbounded competition, would hardly move the sloth of former ages. In some instances, no doubt, these laws produced an effect which, in that period, would not have taken place without them. But our age is wholly of a different character, and its legislation takes another turn. Society is full of excitement; competition comes in place of monopoly, and intelligence and industry ask only for fair play and an open field. Profits, indeed, in such a state of things will be small, but they will be extensively diffused, prices will be low, and the great body of the people prosperous and happy.



It is worthy of remark that from the operation of these causes commercial wealth, while it is increased beyond calculation in its general aggregate, is, at the same time, broken and diminished in its subdivisions. Commercial prosperity should be judged of therefore rather from the extent of trade than from the magnitude of its apparent profits. It has been remarked that Spain, certainly one of the poorest nations, made very great profits on the amount of her trade, but with little other benefit than the enriching of a few individuals and companies. Profits to the English merchants engaged in the Levant and Turkey trade were formerly very great, and there were richer merchants in England some centuries ago, considering the comparative value of money, than at the present highly commercial period. When the diminution of profits arises from the extent of competition, it indicates rather a salutary than an injurious change.<sup>1</sup>

The true course then, sir, for us to pursue is, in my opinion, to consider what our situation is, what our means are, and how they can be best applied. What amount of population have we in comparison with our extent of soil, what amount of capital, and labor at what price? As to skill, knowledge, and enterprise, we may safely take it for granted that, in these particulars, we are on an equality with others. Keeping these consid-

<sup>1</sup> "The present equable diffusion of moderate wealth cannot be better illustrated than by remarking that in this age many palaces and superb mansions have been pulled down or converted to other purposes, while none have been erected on a like scale. The numberless baronial castles and mansions in all parts of England, now in ruins, may all be adduced as examples of the decrease of inordinate wealth. On the other hand, the multiplication of commodious dwellings for the upper and middle classes of society, and the increased comforts of all ranks, exhibit a picture of individual happiness unknown in any other age." — *Sir G. Blane's Letter to Lord Spencer*, in 1800.

erations in view, allow me to examine two or three of those provisions of the bill to which I feel the strongest objections.

To begin with the article of iron. Our whole annual consumption of this article is supposed by the Chairman of the Committee to be 48,000 or 50,000 tons. Let us suppose the latter. The amount of our own manufacture he estimates, I think, at 17,000 tons. The present duty on the imported article is \$15 per ton, and as this duty causes of course an equivalent augmentation of the price of the home manufacture, the whole increase of price is equal to \$750,000 annually. This sum we pay on a raw material, and on an absolute necessary of life. The bill proposes to raise the duty from \$15 to \$22.50 per ton, which would be equal to \$1,125,000 on the whole annual consumption. So that, suppose the point of prohibition which is aimed at by some gentlemen to be attained, the consumers of the article would pay this last mentioned sum every year to the producers of it, over and above the price at which they could supply themselves with the same article from other sources. There would be no mitigation of this burden, except from the prospect, whatever that might be, that iron would fall in value by domestic competition after the importation should be prohibited. It will be easy, I think, to show that it cannot fall; and supposing for the present that it shall not, the result will be that we shall pay annually a sum of \$1,125,000, constantly augmented, too, by increased consumption of the article, *to support a business that cannot support itself.*

It is of no consequence to the argument that this sum is expended at home; so it would be if we taxed the people to support any other useless and expensive establishment — to build another Capitol, for example, or incur an unnecessary expense of any sort. The question still is, are the money, time, and labor well laid out in

these cases? The present price of iron at Stockholm, I am assured by importers, is \$53 per ton on board, \$48 in the yard before loading, and probably not far from \$40 at the mines. Freight, insurance, etc., may be fairly estimated at \$15, to which add our present duty of \$15 more, and these two last sums, together with the cost on board at Stockholm, give \$83 as the cost of Swedes iron in our market. In fact, it is said to have been sold last year at \$81.50 to \$82 per ton. We perceive by this statement that the cost of the iron is doubled in reaching us from the mine in which it is produced. In other words, our present duty, with the expense of transportation, gives an advantage to the American, over the foreign manufacturer, of 100%. Why then cannot the iron be manufactured at home? Our ore is said to be as good, and some of it better. It is under our feet, and the Chairman of the Committee tells us that it might be wrought by persons who otherwise will not be employed. Why then is it not wrought? Nothing could be more sure of constant sale. It is not an article of changeable fashion, but of absolute, permanent necessity, and such, therefore, as would always meet a steady demand. Sir, I think it would be well for the Chairman of the Committee to revise his premises, for I am persuaded that there is an ingredient properly belonging to the calculation which he has misstated or omitted. Swedes iron in England pays a duty, I think, of about \$27 per ton; yet it is imported in considerable quantities, notwithstanding the vast capital, the excellent coal, and, more important than all perhaps, the highly improved state of inland navigation in England; although I am aware that the English use of Swedes iron may be thought to be owing in some degree to its superior quality.

Sir, the true explanation of this appears to me to lie in the different prices of labor; and here I apprehend

is the grand mistake in the argument of the Chairman of the Committee. He says it would cost the nation, as a nation, nothing to make our ore into iron. Now, I think it would cost us precisely that which we can worst afford; that is, great labor. Although bar iron is very properly considered a raw material in respect to its various future uses, yet, as bar iron, the principal ingredient in its cost is labor. Of manual labor, no nation has more than a certain quantity, nor can it be increased at will. As to some operations, indeed, its place may be supplied by machinery; but there are other services which machinery cannot perform for it, and which it must perform for itself. A most important question for every nation, as well as for every individual, to propose to itself, is, how it can best apply that quantity of labor which it is able to perform? Labor is the great producer of wealth; it moves all other causes. If it call machinery to its aid, it is still employed not only in using the machinery, but in making it. Now, with respect to the quantity of labor, as we all know, different nations are differently circumstanced. Some need, more than anything, work for hands, others require hands for work; and if we ourselves are not absolutely in the latter class, we are still, most fortunately, very near it. I cannot find that we have those idle hands of which the Chairman of the Committee speaks. The price of labor is a conclusive and unanswerable refutation of that idea; it is known to be higher with us than in any other civilized state, and this is the greatest of all proofs of general happiness. Labor in this country is independent and proud. It has not to ask the patronage of capital, but capital solicits the aid of labor. This is the general truth in regard to the condition of our whole population, although in the large cities there are, doubtless, many exceptions. The mere capacity to labor in common agricultural employments gives to our young

men the assurance of independence. We have been asked, sir, by the Chairman of the Committee, in a tone of some pathos, whether we will allow to the serfs of Russia and Sweden the benefit of making iron for us? Let me inform the gentleman, sir, that those same serfs do not earn more than seven cents a day, and that they work in these mines for that compensation because they are serfs. And let me ask the gentleman further, whether we have any labor in this country that cannot be better employed than in a business which does not yield the laborer more than seven cents a day? This, it appears to me, is the true question for our consideration. There is no reason for saying that we will work iron because we have mountains that contain the ore. We might for the same reason dig among our rocks for the scattered grains of gold and silver which might be found there. The true inquiry is, can we produce the article in a useful state at the same cost, or nearly at the same cost, or at any reasonable approximation towards the same cost, at which we can import it.

Some general estimates of the price and profits of labor in those countries from which we import our iron might be formed by comparing the reputed products of different mines and their prices with the number of hands employed. The mines of Danemora are said to yield about 4,000 tons, and to employ in the mines 1,200 workmen. Suppose this to be worth \$50 per ton; any one will find by computation that the whole product would not pay in this country for one quarter part of the necessary labor. The whole export of Sweden was estimated, a few years ago, at 400,000 ship-pounds, or about 54,000 tons. Comparing this product with the number of workmen usually supposed to be employed in the mines which produce iron for exportation, the result will not greatly differ from the foregoing. These estimates are general, and might not conduct us to a

precise result; but we know, from intelligent travelers and eye-witnesses, that the price of labor in the Swedish mines does not exceed seven cents a day.<sup>1</sup>

The true reason, sir, why it is not our policy to compel our citizens to manufacture our own iron is, that they are far better employed. It is an unproductive business, and they are not poor enough to be obliged to follow it. If we had more of poverty, more of misery, and something of servitude, if we had an ignorant, idle, starving population, we might set up for iron makers against the world.

The committee will take notice, Mr. Chairman, that, under our present duty, together with the expense of transportation, our manufacturers are able to supply their own immediate neighborhood; and this proves the magnitude of that substantial encouragement which these two causes concur to give. There is little or no foreign iron, I presume, used in the county of Lancaster. This is owing to the heavy expense of land carriage; and as we recede farther from the coast, the manufacturers are still more completely secured, as to their own immediate market, against the competition of the im-

<sup>1</sup> The price of labor in Russia may be pretty well collected from Tooke's *View of the Russian Empire*. "The workmen in the mines and the founderies are, indeed, all called master-people; but they distinguish themselves into masters, undermasters, apprentices, delvers, servants, carriers, washers, and separators. In proportion to their ability their wages are regulated, which proceed from 15 to upwards of 30 roubles per annum. The provisions which they receive from the magazines are deducted from this pay." The value of the rouble at that time (1799) was about 24 pence sterling, or 45 cents of our money.

"By the edict of 1799," it is added, "a laborer with a horse shall receive, daily, in summer 20 and in winter 12 copecks; a laborer without a horse, in summer 10, in winter 8 copecks."

A copeck is the hundredth part of a rouble, or about half a cent of our money. The price of labor may have risen, in some degree, since that period, but probably not much.

ported article. But what they ask is to be allowed to supply the seacoast, at such a price as shall be formed by adding to the cost at the mines the expense of land carriage to the sea; and this appears to me most unreasonable. The effect of it would be to compel the consumer to pay the cost of two land transportations; for, in the first place, the price of iron, at the inland furnaces, will always be found to be at, or not much below, the price of the imported article in the seaport, and the cost of transportation to the neighborhood of the furnace; and to enable the home product to hold a competition with the imported in the seaport, the cost of another transportation downward, from the furnace to the coast, must be added. Until our means of inland commerce be improved, and the charges of transportation by that means lessened, it appears to me wholly impracticable, with such duties as any one would think of proposing, to meet the wishes of the manufacturers of this article. Suppose we were to add the duty proposed by this bill, although it would benefit the capital invested in works near the sea, and the navigable rivers, yet the benefit would not extend far in the interior. Where, then, are we to stop, or what limit is proposed to us?

The freight of iron has been afforded from Sweden to the United States as low as \$8 per ton. This is not more than the price of fifty miles' land carriage. Stockholm, therefore, for the purpose of this argument, may be considered as within fifty miles of Philadelphia. Now, it is at once a just and a strong view of this case to consider that there are, within fifty miles of our market, vast multitudes of persons who are willing to labor in the production of this article for us, at the rate of seven cents per day, while we have no labor which will not command, upon the average, at least five or six times that amount. The question is, then, shall we buy this

article of these manufacturers, and suffer our own labor to earn its greater reward, or shall we employ our own labor in a similar manufacture, and make up to it by a tax on consumers the loss which it must necessarily sustain?

I proceed, sir, to the article of hemp. Of this we imported last year, in round numbers, 6,000 tons, paying a duty of \$30 a ton, or \$180,000 on the whole amount; and this article, it is to be remembered, is consumed almost entirely in the uses of navigation. The whole burden may be said to fall on one interest. It is said we can produce this article if we will raise the duties. But why is it not produced now; or why, at least, have we not seen some specimens? for the present is a very high duty, when expenses of importation are added. Hemp was purchased at St. Petersburg last year at \$101.67 per ton. Charges attending shipment, &c., \$14.25. Freight may be stated at \$30 per ton, and our existing duty is \$30 more. These three last sums being the charges of transportation, amount to a protection of near 75% in favor of the home manufacturer, if there were any such. And we ought to consider, also, that the price of hemp at St. Petersburg is increased by all the expense of transportation from the place of growth to that port; so that probably the whole cost of transportation, from the place of growth to our market, including our duty, is equal to the first cost of the article; or, in other words, is a protection in favor of our own product of 100%.

And since it is stated that we have great quantities of fine land for the production of hemp, of which I have no doubt, the question recurs, why is it not produced? I speak of the water rotted hemp, for it is admitted that that which is dew rotted is not sufficiently good for the requisite purposes. I cannot say whether the cause be in climate, in the process of rotting, or what else, but



the fact is certain, and there is no American water rotted hemp in the market. We are acting, therefore, upon a hypothesis. Is it not reasonable that those who say that they can produce the article shall at least prove the truth of that allegation before new taxes are laid on those who use the foreign commodity? Suppose this bill passes: the price of hemp is immediately raised \$14.80 per ton, and this burden falls immediately on the ship builder; and no part of it, for the present, will go for the benefit of the American grower, because he has none of the article that can be used, nor is it expected that much of it will be produced for a considerable time. Still the tax takes effect upon the imported article; and the ship owners, to enable the Kentucky farmer to receive an additional \$14.00 on his ton of hemp, whenever he may be able to raise and manufacture it, pay, in the mean time, an equal sum per ton into the Treasury on all the imported hemp which they are still obliged to use; and this is called "protection!" Is this just or fair? A particular interest is here burdened, not only for the benefit of another particular interest, but burdened also beyond that, for the benefit of the Treasury. It is said to be important for the country that this article should be raised in it; then let the country bear the expense, and pay the bounty. If it be for the good of the whole, let the sacrifice be made by the whole, and not by a part. If it be thought useful and necessary, from political considerations, to encourage the growth and manufacture of hemp, government has abundant means of doing it. It might give a direct bounty, and such a measure would, at least, distribute the burden equally; or, as government itself is a great consumer of this article, it might stipulate to confine its own purchases to the home product, so soon as it should be shown to be of the proper quality. I see no objection to this proceed-

ing, if it be thought to be an object to encourage the production. It might easily, and perhaps properly, be provided by law that the navy should be supplied with American hemp, the quality being good, at any price not exceeding, by more than a given amount, the current price of foreign hemp in our market. Everything conspires to render some such course preferable to the one now proposed. The encouragement in that way would be ample, and, if the experiment should succeed, the whole object would be gained; and if it should fail, no considerable loss or evil would be felt by any one.

I stated, some days ago, and I wish to renew the statement, what was the amount of the proposed augmentation of the duties on iron and hemp, in the cost of a vessel. Take the case of a common ship, of 300 tons, not coppered, nor copper-fastened. It would stand thus, by the present duties : —

14½ tons of Iron, for hull, rigging, and anchors, at \$15 per ton . . . . .	\$217.50
10 tons of Hemp, at \$30 . . . . .	300.00
40 bolts Russia Duck, at \$2 . . . . .	80.00
20 bolts Ravens Duck, at \$1.25 . . . . .	25.00
On articles of ship chandlery, cabin furniture, hardware, etc. . . . .	40.00
	<hr/>
	\$662.50

The bill proposes to add : —

\$7.40 per ton on Iron, which will be . . . . .	\$107.30
\$14.80 per ton on Hemp, equal to . . . . .	148.00
And on Duck, by the late amendment of the bill, say 25 per cent . . . . .	25.00
	<hr/>
	\$280.30

But to the duties on iron and hemp should be added those paid on copper, whenever that article is used. By the statement which I furnished the other day, it

appeared that the duties received by government, on articles used in the construction of a vessel of 359 tons, with copper fastenings, amounted to \$1,056. With the augmentations of this bill, they would be equal to \$1,400. Now, I cannot but flatter myself, Mr. Chairman, that, before the committee will consent to this new burden upon the shipping interest, it will very deliberately weigh the probable consequences. I would again urgently solicit its attention to the condition of that interest. We are told that Government has protected it, by discriminating duties, and by an exclusive right to the coasting trade. But it would retain the coasting trade, by its own natural efforts, in like manner, and with more certainty, than it now retains any portion of foreign trade. The discriminating duties are now abolished, and while they existed they were nothing more than countervailing measures, not so much designed to give our navigation an advantage over that of other nations as to put it upon an equality; and we have, accordingly, abolished ours, when they have been willing to abolish theirs. Look to the rate of freights. Were they ever lower, or even so low? I ask gentlemen who know, whether the harbor of Charleston, and the river of Savannah, be not crowded with ships seeking employment, and finding none? I would ask the gentlemen from New Orleans if their magnificent Mississippi does not exhibit, for furlongs, a forest of masts? The condition, sir, of the shipping interest is not that of those who are insisting on high profits, or struggling for monopoly; but it is the condition of men content with the smallest earnings, and anxious for their bread. The freight of cotton has formerly been three pence sterling from Charleston to Liverpool in time of peace. It is now I know not what, or how many, fractions of a penny; I think, however, it is ~~stated~~ at five eighths. The producers, then, of this

great staple, are able, by means of this navigation, to send it, for a cent a pound, from their own doors to the best market in the world.

Mr. Chairman, I will now only remind the committee that, while we are proposing to add new burdens to the shipping interest, a very different line of policy is followed by our great commercial and maritime rival. It seems to be announced as the sentiment of the Government of England, and undoubtedly it is its real sentiment, that the first of all manufactures is the manufacture of ships. A constant and wakeful attention is paid to this interest, and very important regulations, favorable to it, have been adopted within the last year, some of which I will beg leave to refer to, with the hope of exciting the notice, not only of the committee, but of all others who may feel, as I do, a deep interest in this subject. In the first place, a general amendment has taken place in the register acts, introducing many new provisions, and, among others, the following :—

A direct mortgage of the interest of a ship is allowed, without subjecting the mortgagee to the responsibility of an owner.

The proportion of interest held by each owner is exhibited in the register, thereby facilitating both sales and mortgages, and giving a new value to shipping among the moneyed classes.

Shares, in the ships of copartnerships, may be registered as joint property, and subject to the same rules as other partnership effects.

Ships may be registered in the name of trustees, for the benefit of joint stock companies; and many other regulations are adopted with the same general view of rendering the mode of holding the property as convenient and as favorable as possible.

By another act, British registered vessels, of every description, are allowed to enter into the general and the

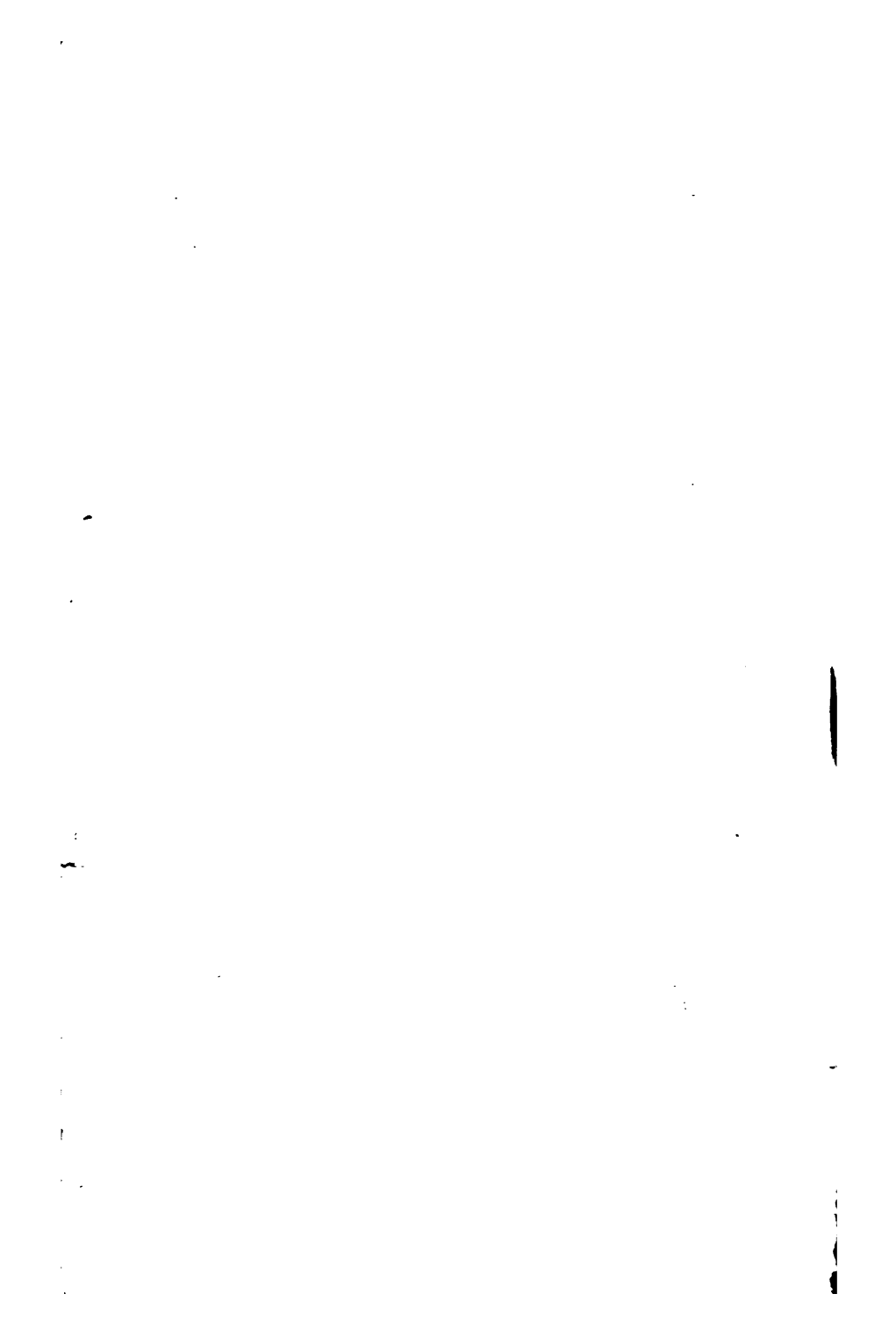
coasting trade in the India seas, and may now trade to and from India, with any part of the world, except China.

By a third, all limitations and restrictions, as to latitude and longitude, are removed from ships engaged in the Southern whale fishery. These regulations, I presume, have not been made without first obtaining the consent of the East India Company; so true is it found, that real encouragement of enterprise oftener consists, in our days, in restraining or buying off monopolies and prohibitions, than in imposing or extending them.

The trade with Ireland is turned into a free coasting trade; light duties have been reduced, and various other beneficial arrangements made, and still others proposed. I might add, that, in favor of general commerce, and as showing their confidence in the principles of liberal intercourse, the British government has perfected the warehouse system, and authorized a reciprocity of duties with foreign states, at the discretion of the Privy Council.

This, sir, is the attention which our great rival is paying to these important subjects, and we may assure ourselves that, if we do not keep alive a proper sense of our own interests, she will not only beat us, but will deserve to beat us.

Sir, I will detain you no longer. There are some parts of this bill which I highly approve; there are others in which I should acquiesce; but those to which I have now stated my objections appear to me so destitute of all justice, so burdensome and so dangerous to that interest which has steadily enriched, gallantly defended, and proudly distinguished us, that nothing can prevail upon me to give it my support.





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